

RESOLUTION NO. RES-13-0054

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE AND/OR INCURRENCE, FROM TIME TO TIME, BY THE BOARD OF HARBOR COMMISSIONERS, ON BEHALF OF THE CITY OF LONG BEACH, OF SUBORDINATE HARBOR REVENUE REVOLVING OBLIGATIONS SECURED BY SUBORDINATE HARBOR DEPARTMENT REVENUES IN AN AMOUNT NOT TO EXCEED \$200,000,000 AGGREGATE PRINCIPAL AMOUNT OUTSTANDING AT ANY ONE TIME TO FINANCE ANY LEGAL PURPOSES OF THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AND CERTAIN OTHER MATTERS

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

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

WHEREAS, Section 1725 of Article XVII of the Charter provides a procedure for the issuance of short-term revenue certificate obligations by the City or by a Board of Commissioners, acting for and on behalf of the City; and

WHEREAS, the Board, acting on behalf of the City pursuant to Article XII and Section 1725 of Article XVII of the Charter and certain sections of the Municipal Code, proposes to issue and/or incur, from time to time, its short-term Subordinate

1 Harbor Revenue Revolving Obligations (the "Subordinate Harbor Revolving Obligations")
2 in an aggregate principal amount not to exceed \$200,000,000 outstanding at any one
3 time for the purposes of financing and refinancing capital improvements at the Port of
4 Long Beach and for other harbor purposes, pursuant to a Master Subordinate Resolution
5 adopted by the Board on July 16, 2013, as supplemented by a First Supplemental
6 Subordinate Resolution adopted by the Board on July 16, 2013 and a Second
7 Supplemental Subordinate Resolution adopted by the Board on July 16, 2013, draft forms
8 of which are attached hereto as "Exhibit A", "Exhibit B", and "Exhibit C," respectively,
9 (collectively, the "Subordinate Harbor Resolutions"), and revolving credit agreements to
10 be entered into by the City, acting by and through the Board, with Bank of America, N.A.
11 and Union Bank, N.A., respectively (the "Revolving Credit Agreements"); and

12 WHEREAS, the City, acting on behalf of the Board, held a public hearing
13 (the "Public Hearing") on July 10, 2013 in accordance with Section 147(f) of the Internal
14 Revenue Code of 1986, as amended, with respect to the issuance of up to \$1.2 billion in
15 aggregate principal amount of one or more series of senior and/or subordinate harbor
16 revenue bonds, notes, certificates and other obligations, including, but not limited to, the
17 Subordinate Harbor Revolving Obligations, to be used to finance and refinance certain
18 capital improvements to be located within the Harbor District of the City, including at the
19 Port of Long Beach; and

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

22 Section 1. That the City Council, acting pursuant to Article XII and
23 Section 1725 of Article XVII of the Charter and Sections 3.52.110 through 3.52.150 of the
24 Municipal Code, does hereby approve the issuance and/or incurrence, from time to time,
25 of the Subordinate Harbor Revolving Obligations in an aggregate principal amount not to
26 exceed \$200,000,000 outstanding at any one time pursuant to the Subordinate Harbor
27 Resolutions and the Revolving Credit Agreements.

28 Section 2. The Subordinate Harbor Revolving Obligations shall be issued

1 and/or incurred as special, limited obligations of the City and shall be secured by a
2 pledge of and lien upon and shall be a charge upon and shall be payable from the
3 subordinate revenues of the Harbor Department. The Subordinate Harbor Revolving
4 Obligations shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or
5 encumbrance upon any of the City's property or upon any of the City's income, receipts
6 or revenues, except the subordinate revenues of the Harbor Department. The general
7 fund of the City shall not be liable for the payment of the Subordinate Harbor Revolving
8 Obligations or interest thereon, nor shall the credit or the taxing power of the City be
9 pledged therefor.

10 Section 3. That the City Council, acting as the applicable elected
11 representative pursuant to Section 147(f) of the Internal Revenue Code of 1986, as
12 amended, does hereby approve, for the purposes provided for at the Public Hearing, the
13 issuance and/or incurrence, from time to time, of City of Long Beach, California senior
14 and/or subordinate harbor revenue bonds, notes, certificates and other obligations, in an
15 aggregate principal amount not to exceed \$1.2 billion (which includes, but is not limited
16 to, the Subordinate Harbor Revolving Obligations approved pursuant to Section 1 above).

17 Section 4. The adoption of this resolution shall not obligate the City or
18 any department thereof to (a) provide any financing to acquire or rehabilitate the Project;
19 (b) approve any application or request for or take any other action in connection with any
20 planning approval, permit or other action necessary for the acquisition, rehabilitation or
21 operation of the Project; (c) make any contribution or advance any funds whatsoever to
22 the Authority; or (d) take any further action with respect to the Authority or its membership
23 therein.

24 Section 5. That the City Clerk is hereby authorized and directed to
25 forward to the Board, without delay, a certified copy of this resolution.

26 Section 6. This resolution shall take effect immediately upon its adoption
27 by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

28 ///

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of July 16, 2013 by the following vote:

Ayes: Councilmembers: Garcia, Lowenthal, DeLong, O'Donnell,
Andrews, Johnson, Austin.

Noes: Councilmembers: None.

Absent: Councilmembers: Schipske, Neal.

Posnam Davis For Larry Herrera
City Clerk

RESOLUTION NO. HD-_____

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF
THE CITY OF LONG BEACH, CALIFORNIA, AUTHORIZING THE
ISSUANCE AND/OR INCURRENCE OF SUBORDINATE HARBOR
REVENUE OBLIGATIONS OF SAID CITY TO FINANCE ANY LEGAL
PURPOSE OF THE HARBOR DEPARTMENT AND PROVIDING THE
TERMS AND CONDITIONS OF SAID SUBORDINATE HARBOR
REVENUE OBLIGATIONS**

(MASTER SUBORDINATE RESOLUTION)

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RESOLUTION NO. HD-_____

RESOLUTION OF THE BOARD OF HARBOR
COMMISSIONERS OF THE CITY OF LONG BEACH,
CALIFORNIA, AUTHORIZING THE ISSUANCE AND/OR
INCURRENCE OF SUBORDINATE HARBOR REVENUE
OBLIGATIONS OF SAID CITY TO FINANCE ANY LEGAL
PURPOSE OF THE HARBOR DEPARTMENT AND
PROVIDING THE TERMS AND CONDITIONS OF SAID
SUBORDINATE HARBOR REVENUE OBLIGATIONS

WITNESSETH:

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

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

WHEREAS, Section 1725 of Article XVII of said Charter provides a procedure for the issuance of short-term revenue certificate obligations by the Board, acting for and on behalf of the City, for harbor purposes; and

WHEREAS, in exercise of the powers reserved to the City, Ordinance No. C-5971, adding Division I of Chapter 3.52 of Title 3 to the City of Long Beach Municipal Code, has been enacted by the City Council of the City (the “**City Council**”) and will be in effect at the time this Master Subordinate Resolution becomes effective; and

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

WHEREAS, under the terms of the Senior Resolution, the Board, on behalf of the City, may issue or incur obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Senior Bonds and the Senior Parity Debt and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then due and required to be paid or set aside under the Senior Resolution from Revenues for the principal, premium, interest and reserve fund requirements of the Senior Bonds and all Senior Parity Debt, as the same become due and payable and at the times and in the manner as required in the Senior Resolution; and

WHEREAS, the Board has determined that the public interest and necessity require the Board, on behalf of the City, to authorize the issuance and/or incurrence, from time to time, of Subordinate Obligations (as hereinafter defined), for the purposes set forth in the Charter and the Subordinate Resolution (as hereinafter defined), which shall be secured by and payable from Subordinate Revenues (as hereinafter defined); and

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

ARTICLE I

EQUALITY OF SECURITY; DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Equality of Security. In consideration of the acceptance of the Subordinate Obligations by the Owners thereof from time to time, this Master Subordinate Resolution shall be deemed to be and shall constitute a contract between the City, acting by and through the Board, and the Owners from time to time of the Subordinate Obligations, and the covenants and agreements herein set forth to be performed by or on behalf of the City, the Board or the Department (as hereinafter defined) shall be for the equal and proportionate benefit, security and protection of all Owners of the Subordinate Obligations, without preference, priority or distinction as to security or otherwise of any Subordinate Obligation over any other Subordinate Obligation by reason of the Series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Notwithstanding the foregoing, nothing herein shall prevent additional security being provided to particular Subordinate Obligations under any Supplemental Subordinate Resolution (as hereinafter defined).

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Master Subordinate Resolution and of any Supplemental Subordinate Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Master Subordinate Resolution, all terms used herein shall have the meanings assigned to such terms in the Law (as hereinafter defined).

“Accreted Value” means, with respect to any Capital Appreciation Subordinate Obligations, as of any date of calculation, the sum of the amount set forth in a Supplemental Subordinate Resolution as the amount representing the initial principal amount of such Capital Appreciation Subordinate Obligation plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date. The Accreted Value shall be determined in accordance with the provisions of the Supplemental Subordinate Resolution authorizing the issuance of such Capital Appreciation Subordinate Obligation. All references herein to “principal” shall include Accreted Value, as applicable.

“Assumed Debt Service” means, with respect to any Excluded Principal Payment, for any Fiscal Year (or other designated 12-month period) on or after the date the Board determines to

treat the principal of a Series of Subordinate Obligations as Excluded Principal Payments the sum of the amount of principal and interest which would be payable in each such Fiscal Year (or other designated 12-month period) if that Excluded Principal Payment were amortized for a period specified by the Board (no greater than 30 years from the date of such Excluded Principal Payment) on a substantially level debt service basis, calculated based on a fixed interest rate equal to The Bond Buyer 25-Revenue Bond Index, or any successor or replacement index, for the last week of the month immediately preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the Board; provided that with respect to any Excluded Principal Payment secured pursuant to a credit or liquidity instrument which, if drawn upon, would create a repayment obligation which has a lien on Subordinate Revenues on a parity with the lien of the Subordinate Obligations, Assumed Debt Service shall be the principal and interest which would be payable under the credit or liquidity instrument in the event that the credit or liquidity instrument were drawn upon to pay or purchase all of such Subordinate Obligations, then Outstanding.

“Board” means the Board of Harbor Commissioners of the City of Long Beach.

“Business Day” means, except as otherwise provided in a Supplemental Subordinate Resolution, any day other than (a) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York are authorized or obligated by law or executive order to be closed; and (b) for purposes of payments and other actions relating to credit or liquidity enhanced Subordinate Obligations, a day upon which commercial banks in the city in which is located the office of the credit or liquidity enhancer at which demands for payment under the credit document with respect to the credit or liquidity enhancement are to be presented are authorized to be closed.

“Capital Appreciation Subordinate Obligations” means Subordinate Obligations all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Subordinate Resolution and is payable only upon redemption or on the maturity date of such Subordinate Obligations. Subordinate Obligations which are issued as Capital Appreciation Subordinate Obligations, but later convert to Subordinate Obligations on which interest is paid periodically shall be Capital Appreciation Subordinate Obligations until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Subordinate Obligations, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

“Certificate,” “Statement,” “Request,” “Requisition” and *“Order”* of the City, the Board or the Department means, respectively, a written certificate, statement, request, requisition or order signed by the President of the Board, the Executive Director or any other person authorized by the President of the Board or the Executive Director to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

“Charter” means the Charter of the City, as amended from time to time.

“City” means the City of Long Beach, California, a municipal corporation, organized and existing under the Charter and the Constitution and the laws of the State of California.

“*Corporate Trust Office*” or “*corporate trust office*” means the principal corporate trust office of a Fiscal Agent.

“*Costs of Issuance*” means all items of expense directly or indirectly payable by or reimbursable to the City or the Department and related to the original authorization, execution, sale and delivery of any Series of Subordinate Obligations, including but not limited to initial fees and expenses of any credit or liquidity enhancer, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiscal Agent, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Subordinate Obligations, and any other cost, charge or fee in connection with the original issuance and delivery of such Series of Subordinate Obligations.

“*Department*” or “*Harbor Department*” means the Harbor Department of the City created pursuant to Article XII of the Charter.

“*Excluded Principal Payments*” means each payment of principal of Subordinate Obligations which the Board determines (in the Supplemental Subordinate Resolution or other document delivered on a date not later than the date of issuance of such Subordinate Obligations) shall be paid with moneys which are not Subordinate Revenues, but from future debt obligations of the City, acting by and through the Board, and any Fiscal Agent may rely conclusively on such determination of the Board. No such determination shall affect the security for such Subordinate Obligations or the obligation of the City, acting by and through the Board, to pay such payments from Subordinate Revenues or from any Subordinate Debt Service Reserve Fund.

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

“*First Supplemental Subordinate Resolution*” means Resolution No. HD-_____ adopted by the Board on July 15, 2013, as amended from time to time.

“*Fiscal Agent*” means, with respect to any Series of Subordinate Obligations, the fiscal agent or paying agent appointed pursuant to the Supplemental Subordinate Resolution authorizing the issuance of such Series of Subordinate Obligations.

“*Fiscal Year*” means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other 12-month period hereafter selected as the official fiscal year of the Department.

“*Fitch*” means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation shall for any reason no

longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any nationally recognized rating agency designated by the Board.

"Harbor Revenue Fund" means the Harbor Revenue Fund established by the Charter.

"Holder," "holder," "Owner," "owner" or "registered owner" means the person in whose name any Subordinate Obligation is registered on the books maintained by the Fiscal Agent or the Treasurer and includes any provider of a credit or liquidity instrument to which a repayment obligation is then owed.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("*EMMA*"); or, in accordance with then current guidelines of the United States Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the Board may designate in a Request of the Board delivered to any Fiscal Agent.

"Initial Subordinate Obligations" means (a) the Subordinate Obligations authorized, issued and incurred pursuant to the provisions of this Master Subordinate Resolution and the First Supplemental Subordinate Resolution, and (b) the Subordinate Obligations authorized, issued and incurred pursuant to the provisions of this Master Subordinate Resolution and the Second Supplemental Subordinate Resolution.

"Interest Account" means the "Interest Account" established and maintained in the Subordinate Debt Service Fund pursuant to Section 5.03 hereof.

"Investment Securities" means, unless otherwise provided in a Supplemental Subordinate Resolution, any securities in which the City may legally invest, from time to time, funds subject to its control, including, without limitation, (i) shares in money market mutual funds which qualify as investments pursuant to Sections 53601 and 53635 of the Government Code of the State; (ii) shares in money market mutual funds the assets of which would otherwise qualify as investments pursuant to Sections 53601 and 53635 of the Government Code of the State except that such money market mutual funds include in their assets (a) registered warrants, treasury notes or bonds of any state within the United States and/or (b) bonds, notes, warrants or other evidence of indebtedness of any county, city, city and county or other public agency of any state within the United States; (iii) an investment agreement of any maturity with a financial institution or insurance company or insurance holding company which has, at the date of execution thereof, an outstanding issue of unsecured, uninsured and unguaranteed obligations, rated in either of the two highest long-term rating categories by Moody's or S&P, or in the case of an insurance company has a claims paying ability rated in either of the two highest rating categories by Moody's or S&P, or an investment agreement of any maturity with a person that is a subsidiary of such a financial institution or such an insurance company or such an insurance holding company, provided that such person's obligations under such investment agreement are absolutely and unconditionally guaranteed by such financial institution or such insurance company or such insurance holding company; (iv) the City's investment pool maintained by the Treasurer in accordance with the City's adopted investment policy; and (v) any other investments permitted under the City's adopted investment policy.

“Law” means (a) the Charter, as the same may be amended and modified, and (b) Division I of Chapter 3.52 of Title 3 of the City of Long Beach Municipal Code, as the same may be amended and modified.

“Maintenance Costs” means all reasonable expenses of management and other expenses necessary to operate, maintain and preserve the Port in good repair and working order, excluding depreciation.

“Mandatory Sinking Account Payment” means, with respect to Term Subordinate Obligations, the amount required by a Supplemental Subordinate Resolution to be deposited by the Treasurer in the Principal Account for the payment of the principal of such Term Subordinate Obligations.

“Master Senior Resolution” means Resolution No. HD-1475 adopted by the Board on November 8, 1989 (together with all amendments and modifications).

“Master Subordinate Resolution” means this Resolution No. HD-_____ adopted by the Board on July 15, 2013, as amended from time to time.

“Maximum Annual Debt Service” means the greatest amount of principal and interest becoming due and payable on all Subordinate Obligations in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) Excluded Principal Payments and interest thereon shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) if the Subordinate Obligations are Variable Rate Indebtedness and (i) are secured pursuant to a credit or liquidity instrument; or (ii) are not secured by any credit or liquidity instrument, the interest rate on such Subordinate Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to an interest rate calculated, by multiplying 1.20 times the average SIFMA Index for the six-month period ended no more than one month preceding the date of calculation;

(c) principal and/or interest payments on Subordinate Obligations shall be excluded (i) to the extent such payments are to be paid from amounts on deposit with the Treasurer, any Fiscal Agent or any other fiduciary in an escrow specifically therefor, or (ii) to the extent that such interest payments are to be paid from the proceeds of Subordinate Obligations held by the Treasurer, the Fiscal Agent or any other fiduciary as capitalized interest specifically to pay such interest;

(d) in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Subordinate Obligations on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is

compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Subordinate Obligation; and

(e) if any interest rate swap agreement is in effect with respect to, and is payable on a parity with the Subordinate Obligations to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Maximum Annual Debt Service unless the sum of (i) interest payable on such Subordinate Obligations; plus (ii) amounts payable under such interest rate swap agreement; less (iii) amounts receivable under such interest rate swap agreement, are expected to be greater than the interest payable on the Subordinate Obligations to which it relates, then, in such instance the amount of such payments expected to be made that exceed the interest expected to be paid on the Subordinate Obligations shall be included in such calculation.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any nationally recognized rating agency designated by the Board.

“*Net Subordinate Revenues*” means, for any period, the Revenues (for such period) less (a) the principal and redemption premium, if any, and interest payable on the Senior Bonds and the Senior Parity Debt (for such period), (b) any Revenues required to be deposited to any debt service reserve fund(s) established with respect to the Senior Bonds and the Senior Parity Debt (for such period), and (c) Maintenance Costs (for such period).

“*Opinion of Bond Counsel*” means a written opinion of a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under this Master Subordinate Resolution and any Supplemental Subordinate Resolution and which are selected by the Board.

“*Outstanding*” means, when used as of any particular time with reference to Subordinate Obligations (subject to the provisions of Section 11.09 hereof) all Subordinate Obligations theretofore, or thereupon being, executed and delivered by the City, acting by and through the Board, and authenticated by the Fiscal Agent for that Series under this Master Subordinate Resolution except (a) Subordinate Obligations theretofore cancelled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (b) Subordinate Obligations with respect to which all liability of the Board shall have been discharged in accordance with Section 9.02 hereof, including Subordinate Obligations (or portions of Subordinate Obligations) referred to in Section 11.10 hereof; and (c) Subordinate Obligations for the transfer or exchange of or in lieu of or in substitution for which other Subordinate Obligations shall have been executed and delivered by the City, acting by and through the Board, and authenticated by the Fiscal Agent for that Series pursuant to this Master Subordinate Resolution.

“*Person*” means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Port” means the entire harbor system subject to and under the jurisdiction of the Board as defined in the Charter, and including, without limitation, all harbor or port improvements, work, utilities, appliances, facilities and water craft, owned, controlled or operated by the Department 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 this Master Subordinate Resolution or any subsequent resolution of the Board, together with all improvements and extensions to said system later constructed or acquired.

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

“Principal Account” means the “Principal Account” established and maintained in the Subordinate Debt Service Fund pursuant to Section 5.03 hereof.

“Project” means, with respect to any Series of Subordinate Obligations, the projects to be financed and/or refinanced with the proceeds of such Series, as such projects are described in the Supplemental Subordinate Resolution authorizing the issuance of such Series, which projects shall be for one or more of the purposes set forth in the Law.

“Rating Agency” means Fitch or Moody’s or S&P, or any other nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Board to maintain a rating on the Subordinate Obligations and such Rating Agencies are then maintaining a rating on any of the Subordinate Obligations.

“Rating Category” means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Redemption Fund” means the “Subordinate Harbor Redemption Fund” established and maintained by the Treasurer pursuant to Section 5.05 hereof.

“Redemption Price” means, with respect to any Subordinate Obligation (or portion thereof) the principal amount of such Subordinate Obligation (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Subordinate Obligation, this Master Subordinate Resolution and the applicable Supplemental Subordinate Resolution.

“Refunding Subordinate Obligations” means a Series of Subordinate Obligations the proceeds of which are used to pay or to provide for the payment of another Series of Subordinate Obligations.

“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.

“Second Supplemental Subordinate Resolution” means Resolution No. HD-_____ adopted by the Board on July 15, 2013, as amended from time to time.

“Securities Depositories” means The Depository Trust Company, or, in accordance with then-current guidelines of the United States Securities and Exchange Commission, such other securities depositories, as the Board may designate in a Request of the Board delivered to the applicable Fiscal Agent.

“Senior Bonds” means “Bonds” as defined in the Senior Resolution.

“Senior Parity Debt” means “Parity Debt” as defined in the Senior Resolution.

“Senior Resolution” means, collectively, the Master Senior Resolution and all Supplemental Senior Resolutions adopted by the Board that amend, modify or supplement, from time to time, the Master Senior Resolution and any Supplemental Senior Resolution.

“Serial Subordinate Obligations” means Subordinate Obligations, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

“Series” means, whenever used herein with respect to Subordinate Obligations, all of the Subordinate Obligations designated as being of the same series pursuant to a Supplemental Subordinate Resolution, executed, delivered and authenticated in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Subordinate Obligations thereafter executed, delivered and authenticated upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Subordinate Obligations as herein provided.

“SIFMA Index” means the “SIFMA Municipal Swap Index” for each applicable day as announced by Municipal Market Data. If the SIFMA Index is no longer published, then “SIFMA Index” means another similar index as selected by the Board.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and its assigns, and, if such rating agency shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any nationally recognized rating agency designated by the Board.

“State” means the State of California.

“Subordinate Debt Service Fund” means the “Subordinate Harbor Debt Service Fund” established and maintained by the Treasurer pursuant to Section 5.03 hereof.

“Subordinate Debt Service Reserve Fund” means any debt service reserve fund established and maintained by the Board, the Treasurer or a Fiscal Agent (or any other fiduciary appointed by the Treasurer) pursuant to a Supplemental Subordinate Resolution in connection with the issuance of any Series of Subordinate Obligations and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Obligations and under certain circumstances to provide additional security for such other designated Series of Subordinate Obligations issued pursuant to the terms of this Master Subordinate Resolution and as specified in any Supplemental Subordinate Resolution.

“Subordinate Obligations” means any debt obligation of the City, acting by and through the Board, issued as a taxable or tax-exempt obligation under and in accordance with the provisions of Articles II and III hereof, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes, revolving lines of credit, and other instruments creating an indebtedness of the City, acting by and through the Board, obligations incurred pursuant to an any interest rate swap agreement entered into in connection with Subordinate Obligations, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and repayment obligations owed to a provider of a credit or liquidity instrument.

“Subordinate Resolution” means, collectively, this Master Subordinate Resolution and all Supplemental Subordinate Resolutions adopted by the Board that amend, modify or supplement, from time to time, this Master Subordinate Resolution and any Supplemental Subordinate Resolution.

“Subordinate Revenues” means the Revenues remaining after (a) the payment of principal and redemption premium, if any, of and interest on the Senior Bonds and the Senior Parity Debt, and (b) any deposits to any debt service reserve funds established with respect to the Senior Bonds and the Senior Parity Debt.

“Supplemental Senior Resolution” means a “Supplemental Resolution” as defined in the Master Senior Resolution.

“Supplemental Subordinate Resolution” means any resolution hereafter duly executed and delivered, supplementing, modifying or amending this Master Subordinate Resolution.

“Term Subordinate Obligations” means the Subordinate Obligations payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Subordinate Obligations on or before their specified maturity date or dates.

“Treasurer” means the Treasurer of the City of Long Beach (including any person serving in an acting or interim capacity as Treasurer of the City of Long Beach).

“United States Bankruptcy Code” means Title 11 U.S.C., Section 101 et seq., as amended and supplemented from time to time, or any successor federal act.

“Variable Rate Indebtedness” means (a) any indebtedness the interest rate on which is not fixed at the time of issuance of such indebtedness, and has not at some subsequent date been fixed, at a single numerical rate for the entire term of the indebtedness, and (b) commercial paper notes issued pursuant to any program whereby maturing commercial paper notes are or may be paid with the proceeds of new commercial paper notes.

Section 1.03. Content of Certificates and Opinions. Every certificate or opinion provided for in this Master Subordinate Resolution or any Supplemental Subordinate Resolution with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the City or the Department or a Department staff member may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City or the Department), upon a certificate or opinion of or representation by an officer of the City or the Department or a Department staff member, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such person’s certificate, opinion or representation may be based, as aforesaid, is erroneous. The same officer of the City or the Department or Department staff member, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Master Subordinate Resolution or any Supplemental Subordinate Resolution, but different officers, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF SUBORDINATE OBLIGATIONS

Section 2.01. Authorization of Subordinate Obligations. Subordinate Obligations may be issued hereunder, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the Board. The maximum principal amount of Subordinate Obligations which may be issued hereunder is not limited; subject, however, to any limitations contained in the Law, this Master Subordinate Resolution, any Supplemental Subordinate Resolution and to the right of the Board, which is hereby reserved, to limit the aggregate principal amount of

Subordinate Obligations which may be issued or outstanding hereunder. The Subordinate Obligations shall be designated generally as “City of Long Beach, California Subordinate Harbor Revenue [Bonds] [Notes] [Commercial Paper Notes] [Certificates] [Obligations],” and each Series thereof shall bear such additional designation(s) as may be necessary or appropriate to distinguish such Series from every other Series of Subordinate Obligations. The Subordinate Obligations may be issued in such Series as from time to time shall be established and authorized by the Board, subject to the covenants, provisions and conditions herein contained.

Each Subordinate Obligation shall contain an express statement that such obligation and the interest thereon are junior and subordinate in all respects to the Senior Bonds and the Senior Parity Debt as to lien on and source and security for payment from the Revenues.

Section 2.02. Terms of the Subordinate Obligations. The Subordinate Obligations of each Series shall bear interest, if any, at such rate or rates or determined in such manner and payable in such manner and at such intervals as may be determined by the Board at the time of issuance thereof pursuant to the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued, not to exceed the maximum rate of interest permitted by law, and shall mature and become payable in such manner and on such date or dates and in such year or years as the Board may determine pursuant to the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued. The Subordinate Obligations of each Series may be subject to mandatory or optional tender and purchase and/or redemption upon such terms and conditions and upon such notice and with such effect as provided in the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued.

The Subordinate Obligations of any Series may be issued in such denominations as may be authorized by the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued in fully registered or bearer form, with or without coupons or in fully registered book-entry form.

Section 2.03. Form of Subordinate Obligations. The Subordinate Obligations of any Series shall be in such form or forms as may be specified in the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued.

Section 2.04. Execution of Subordinate Obligations. Unless otherwise provided in any Supplemental Subordinate Resolution, the Subordinate Obligations of such Series shall be executed in the name and on behalf of the City, acting by and through the Board, with the facsimile or manual signature of the President of the Board or the Treasurer, and attested by the facsimile or manual signature of the Executive Secretary of the Board. The City’s seal also may be reproduced, imprinted or impressed on the Subordinate Obligations. Unless otherwise provided in any Supplemental Subordinate Resolution, the Subordinate Obligations of such Series shall then be delivered to the Fiscal Agent for that Series for authentication by it. In case any of the persons who shall have signed or attested any of the Subordinate Obligations on behalf of the City, acting by and through the Board, shall cease to hold their respective offices or positions before the Subordinate Obligations so signed or attested shall have been authenticated or delivered by a Fiscal Agent or issued by the City, acting by and through the Board, such Subordinate Obligations may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City, acting by and through the

Board, as though those who signed and attested the same had continued to be such officers of the Board and/or the City, and also any Subordinate Obligation may be signed and attested on behalf of the City, acting by and through the Board, by such persons as at the actual date of execution of such Subordinate Obligation shall be the proper officers of the Board and/or the City although at the nominal date of such Subordinate Obligation any such person shall not have been such officer of the Board and/or the City.

Except as may be provided in any Supplemental Subordinate Resolution, only those Subordinate Obligations that bear thereon a certificate of authentication substantially in the form recited in the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued, manually executed by the Fiscal Agent for such Series, shall be valid or obligatory for any purpose or entitled to the benefits of this Master Subordinate Resolution, and such certificate of authentication when manually executed by such Fiscal Agent shall be conclusive evidence that the Subordinate Obligations so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Master Subordinate Resolution.

Section 2.05. Transfer of Subordinate Obligations. Any Subordinate Obligation may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.07 hereof, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Subordinate Obligation for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent for such Subordinate Obligation.

Whenever any Subordinate Obligation or Subordinate Obligations of a Series shall be surrendered for transfer, the City, acting by and through the Board, shall execute and the Fiscal Agent for that Series shall authenticate and deliver a new Subordinate Obligation or Subordinate Obligations, of the same Series, tenor and maturity and for a like aggregate principal amount; provided that, unless otherwise provided in any Supplemental Subordinate Resolution, the Fiscal Agent is not required to register a transfer of any Subordinate Obligations within fifteen (15) days before the date of selection of Subordinate Obligations for redemption, or of any Subordinate Obligation or portion of a Subordinate Obligation so selected for redemption. The Fiscal Agent may require the Holder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.06. Exchange of Subordinate Obligations. Subordinate Obligations of any Series may be exchanged at the Corporate Trust Office of the Fiscal Agent for that Series for a like aggregate principal amount of Subordinate Obligations, of authorized denominations of the same Series, tenor and maturity; provided that, unless otherwise provided in any Supplemental Subordinate Resolution, the Fiscal Agent is not required to exchange Subordinate Obligations within fifteen (15) days before the date of selection of Subordinate Obligations for redemption, or exchange any Subordinate Obligation or portion of a Subordinate Obligation so selected for redemption. The Fiscal Agent may require the Holder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.07. Register. The Fiscal Agent for each Series of Subordinate Obligations will keep or cause to be kept, at its Corporate Trust Office sufficient books for the registration

and transfer of the Subordinate Obligations of that Series, which shall at all times be open to inspection during normal business hours by the City, the Board or the Department; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Subordinate Obligations as hereinbefore provided.

Section 2.08. Temporary Subordinate Obligations. The Subordinate Obligations may be issued in temporary form exchangeable for definitive Subordinate Obligations when ready for delivery. Any temporary Subordinate Obligation may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Board, shall be in registered form and may contain such reference to any of the provisions of this Master Subordinate Resolution and the applicable Supplemental Subordinate Resolution as may be appropriate. A temporary Subordinate Obligation may be in the form of a single Subordinate Obligation payable in installments, each on the date, in the amount and at the rate of interest established for the Subordinate Obligations maturing on such date. Every temporary Subordinate Obligation shall be executed by the City, acting by and through the Board, and authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner as the definitive Subordinate Obligations. If the City, acting by and through the Board, issues temporary Subordinate Obligations it will execute and deliver definitive Subordinate Obligations as promptly thereafter as practicable, and thereupon the temporary Subordinate Obligations may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Fiscal Agent for such Series and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Subordinate Obligations an equal aggregate principal amount of definitive Subordinate Obligations of authorized denominations of the same Series, tenor and maturity or maturities. Until so exchanged, the temporary Subordinate Obligations shall be entitled to the same benefits under this Master Subordinate Resolution and the applicable Supplemental Subordinate Resolution as definitive Subordinate Obligations authenticated and delivered hereunder.

Section 2.09. Subordinate Obligations Mutilated, Lost, Destroyed or Stolen. If any Subordinate Obligation shall become mutilated, the City, acting by and through the Board, at the expense of the Holder of said Subordinate Obligation, shall execute, and the Fiscal Agent for such Subordinate Obligation shall thereupon authenticate and deliver, a new Subordinate Obligation of like tenor and amount in exchange and substitution for the Subordinate Obligation so mutilated, but only upon surrender to the Fiscal Agent of the Subordinate Obligation so mutilated. Every mutilated Subordinate Obligation so surrendered to the Fiscal Agent for that Subordinate Obligation shall be cancelled by it and destroyed. If any Subordinate Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City, acting by and through the Board, and the Fiscal Agent for that Subordinate Obligation and, if such evidence be satisfactory to both that Fiscal Agent and the City, acting by and through the Board, and indemnity satisfactory to them shall be given, the City, acting by and through the Board, at the expense of the Holder, shall execute, and the Fiscal Agent shall thereupon authenticate and deliver, a new Subordinate Obligation of like tenor and amount in lieu of and in substitution for the Subordinate Obligation so lost, destroyed or stolen (or if any such Subordinate Obligation shall have matured or shall have been called for redemption, instead of issuing a substitute Subordinate Obligation, the Fiscal Agent for that Series may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The City, acting by and through the Board, may require payment of a sum not exceeding the actual cost of preparing

each new Subordinate Obligation issued under this Section and of the expenses which may be incurred by the City, the Board, the Department and the Fiscal Agent. Any Subordinate Obligation issued under the provisions of this Section in lieu of any Subordinate Obligation alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City, acting by and through the Board, whether or not the Subordinate Obligation so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Master Subordinate Resolution and the applicable Supplemental Subordinate Resolution. Neither the City, acting by and through the Board, nor any Fiscal Agent shall be required to treat both the original Subordinate Obligation and any substitute Subordinate Obligation as being Outstanding for the purpose of determining the principal amount of Subordinate Obligations which may be issued hereunder or for the purpose of determining any percentage of Subordinate Obligations Outstanding hereunder, but both the original and substitute Subordinate Obligation shall be treated as one and the same.

ARTICLE III

ISSUANCE OF SUBORDINATE OBLIGATIONS

Section 3.01. Series of Subordinate Obligations; Terms of Supplemental Subordinate Resolutions. The City, acting by and through the Board, may, from time to time, by Supplemental Subordinate Resolution establish one or more Series of Subordinate Obligations, payable from Subordinate Revenues and secured by the pledge made under this Master Subordinate Resolution equally and ratably with all Subordinate Obligations previously or hereafter issued, and the City, acting by and through the Board, may issue, and a Fiscal Agent may authenticate and deliver to the purchasers thereof, Subordinate Obligations so established, in such principal amount as shall be determined by the City, acting by and through the Board, but only upon compliance by the City, acting by and through the Board, with the provisions of this Master Subordinate Resolution and any additional requirements set forth in a Supplemental Subordinate Resolution.

A Supplemental Subordinate Resolution authorizing a Series of Subordinate Obligations, shall specify, among other things: (a) the authorized principal amount and designation of such Series; (b) the general purpose or purposes for which such Series of Subordinate Obligations is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Subordinate Obligations of such Series; (c) the date or dates, and the maturity date or dates of the Subordinate Obligations of such Series, and the principal amount maturing on each maturity date and any Mandatory Sinking Account Payments for the Subordinate Obligations of such Series and the principal amounts thereof; (d) the interest rate or rates on the Subordinate Obligations of such Series (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates; (e) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Subordinate Obligations of such Series; (f) the Fiscal Agent and any paying agent or paying agents for the Subordinate Obligations of such Series and the duties and obligations thereof; (g) the place or places of payment of the principal, Redemption Price, if any, or purchase price, if any, or the interest on, the Subordinate Obligations of such Series; (h) the tender agent or tender agents for the Subordinate Obligations of such Series, if any, and the duties and obligations thereof; (i) the

remarketing agent or remarketing agents for the Subordinate Obligations of such Series, if any, and the duties and obligations thereof; (j) the form or forms of the Subordinate Obligations of such Series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Subordinate Obligations of such Series; (k) the terms and conditions, if any, for the redemption of the Subordinate Obligations of such Series prior to maturity, including the redemption date or dates, the Redemption Price or Prices and other applicable redemption terms; (l) the terms and conditions, if any, for the purchase of the Subordinate Obligations of such Series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; (m) if so determined by the Board, the authorization of, and any terms and conditions with respect to, credit or liquidity support for Subordinate Obligation of such Series and the pledge or provision of moneys, assets or security other than Subordinate Revenues to or for the payment of the Subordinate Obligations of such Series or any portion thereof; (n) the creation and maintenance of one or more special funds or accounts, if any, to provide for the payment or purchase of the Subordinate Obligations of such Series and, if so determined by the Board, any other special funds or accounts, including, without limitation, a Subordinate Debt Service Reserve Fund, for the Subordinate Obligations of such Series and the application of moneys therein; and (o) any other provisions which the Board deems necessary or desirable in connection with the Subordinate Obligations of such Series not inconsistent with the terms of this Master Subordinate Resolution.

Notwithstanding the prior paragraph, at the Board's discretion, the Board may provide for one or more of the items described in clauses (a) through (o) of the prior paragraph in an indenture, fiscal agent agreement, paying agent agreement, reimbursement agreement, standby bond purchase agreement, credit agreement, bondholder's agreement, covenant agreement or such other agreement as shall be determined by the Board, instead of a Supplemental Subordinate Resolution.

Section 3.02. General Provisions for the Issuance of Subordinate Obligations. The Subordinate Obligations of each Series shall be executed by the City, acting by and through the Board, for issuance under this Master Subordinate Resolution and delivered to the Fiscal Agent for that Series and thereupon authenticated by the Fiscal Agent and delivered to the Board on its order, but only upon receipt by that Fiscal Agent of the following:

(a) a copy of this Master Subordinate Resolution and each Supplemental Subordinate Resolution, including the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued, certified by the Executive Secretary of the Board;

(b) a copy of the resolution of the City approving the issuance of the Subordinate Obligations of such Series, certified by the City Clerk;

(c) an Opinion of Bond Counsel to the effect that (i) the Subordinate Obligations of such Series are valid and binding limited obligations of the City enforceable against the City in accordance with their terms; and (ii) that this Master Subordinate Resolution and the Supplemental Subordinate Resolution pursuant to which

such Series is authorized and issued are valid and binding obligations of the City, acting by and through the Board, enforceable in accordance with their terms; provided that such opinions may be qualified to the extent that the enforceability of the Subordinate Obligations and the Master Subordinate Resolution and the Supplemental Subordinate Resolution pursuant to which such Series is authorized and issued may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(d) an executed copy of the certificate required by Section 6.11 hereof, if applicable;

(e) a Certificate of the Board stating that (i) no Event of Default has occurred and is then continuing under this Master Subordinate Resolution, (ii) no default has occurred and is then continuing under the Senior Resolution, (iii) the issuance of such Series of Subordinate Obligations will not cause an Event of Default under this Master Subordinate Resolution or the Senior Resolution, (iv) the Department is in full compliance with the terms of Section 6.10 of the Master Senior Indenture, and (v) the Department is in full compliance with the terms of Section 6.10 hereof;

(f) a Certificate of the Board instructing the Fiscal Agent to authenticate the Series of Subordinate Obligations and to deliver said Series of Subordinate Obligations to or upon the order of the purchaser named in such instructions; and

(g) a Certificate of the Board, if applicable, designating any Excluded Principal Payments.

Section 3.03. Issuance of Refunding Subordinate Obligations.

(a) Refunding Subordinate Obligations may be authorized and issued by the City, acting by and through the Board, in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of any or all of the following:

(i) the principal or Redemption Price of the Outstanding Subordinate Obligations to be refunded;

(ii) all expenses incident to the calling, retiring or paying of such Outstanding Subordinate Obligations and the Costs of Issuance of such Refunding Subordinate Obligations; and

(iii) interest on all Outstanding Subordinate Obligations to be refunded to the date such Subordinate Obligations will be called for redemption or paid at maturity.

(b) Refunding Subordinate Obligations may be authorized and issued by the City, acting by and through the Board, under and secured by this Master Subordinate Resolution. A Series of Refunding Bonds shall be executed by the City, acting by and through the Board, for issuance under this Master Subordinate Resolution and delivered

to the Fiscal Agent for that Series and thereupon authenticated by that Fiscal Agent and delivered to the Board or its order, but only upon receipt by that Fiscal Agent of the documents required by Section 3.02 hereof (other than Section 3.02(d) hereof) and the following:

(i) if any of the Subordinate Obligations to be refunded are to be redeemed or prepaid prior to their stated maturity dates, irrevocable instructions to the Fiscal Agent of the Series of Subordinate Obligations being redeemed or prepaid to give the applicable notice of redemption or prepayment or a waiver of the notice of redemption or prepayment signed by the Holders of all or the portion of such Subordinate Obligations to be redeemed or prepaid; provided, however, that no provision of this Master Subordinate Resolution shall be construed to require the redemption or prepayment of Subordinate Obligations prior to their respective maturity dates in connection with the refunding thereof; and

(ii) a certificate of the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary certifying that the Subordinate Obligations to be refunded have been discharged in accordance with the provisions of Article IX hereof or the Supplemental Subordinate Resolution pursuant to which such Series of Subordinate Obligations was issued or incurred.

Section 3.04. Application of Proceeds. Proceeds of each Series of Subordinate Obligations shall be applied as specified in the Supplemental Subordinate Resolution pursuant to which such Series of Subordinate Obligations is authorized and issued. All Subordinate Obligations paid, purchased, redeemed or retired by use of funds received from the sale of Refunding Subordinate Obligations, and all Subordinate Obligations surrendered to a Fiscal Agent against the issuance of Refunding Subordinate Obligations, shall be forthwith cancelled and shall not be reissued.

ARTICLE IV

REDEMPTION OF SUBORDINATE OBLIGATIONS

Section 4.01. Terms of Redemption. Each Series of Subordinate Obligations may be made subject to redemption prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Subordinate Resolution pursuant to which such Series of Subordinate Obligations is authorized and issued.

Section 4.02. Redemption at the Direction of the Board. In the case of any redemption of Subordinate Obligations at the direction of the Board, the Department will select the Series, maturities and principal amounts thereof to be redeemed and the Treasurer shall give written notice to the Fiscal Agent for each Series of Subordinate Obligations to be redeemed specifying the redemption date and the maturities and principal amounts of such Series to be redeemed, and directing the Fiscal Agent(s) to give notice of redemption to the Holders of the Subordinate Obligations selected for redemption. The Board shall give such notice at least ten (10) Business Days (or such shorter period as may be agreed to by a Fiscal Agent) before the last

day on which a Fiscal Agent can give notice of redemption to the Holders or such shorter period as shall be acceptable to a Fiscal Agent.

Section 4.03. Redemption Otherwise Than at the Board's Direction. Whenever by the terms of the Supplemental Subordinate Resolution pursuant to which any Series of Subordinate Obligations is issued a Fiscal Agent is required or authorized to redeem Subordinate Obligations otherwise than at the direction of the Board, the Fiscal Agent shall, subject to receipt of any notice from the Board pursuant to Section 4.04 hereof, select the Subordinate Obligations to be redeemed and shall give the notice of redemption.

Section 4.04. Selection of Subordinate Obligations To Be Redeemed. Except as otherwise provided in a Supplemental Subordinate Resolution pursuant to which a Series of Subordinate Obligations is authorized and issued, if less than all Subordinate Obligations of that Series are to be redeemed, the maturities of Subordinate Obligations to be redeemed may be selected by the Department. The Department shall give written notice of its selection not later than ten (10) Business Days (or such shorter period as may be agreed to by a Fiscal Agent) before the Fiscal Agent for a Series gives notice of redemption to the Holders of the Subordinate Obligations of that Series or such later time as shall be acceptable to such Fiscal Agent. Except as otherwise provided in a Supplemental Subordinate Resolution pursuant to which a Series of Subordinate Obligations is authorized and issued, if the Department does not give notice of its selection, such Fiscal Agent shall, unless otherwise provided in the Supplemental Subordinate Resolution pursuant to which such Series of Subordinate Obligations is authorized and issued, select the Subordinate Obligations to be redeemed in inverse order of maturity. Except as otherwise provided in a Supplemental Subordinate Resolution pursuant to which a Series of Subordinate Obligations is authorized and issued, if less than all of the Subordinate Obligations of like maturity of that Series are to be redeemed, the particular Subordinate Obligations or portions of Subordinate Obligations to be redeemed shall be selected at random by the Fiscal Agent for such Series in such manner as that Fiscal Agent in its discretion may deem fair and appropriate.

Section 4.05. Notice of Redemption. Unless otherwise specified in a Supplemental Subordinate Resolution pursuant to which a Series of Subordinate Obligations is authorized and issued, each notice of redemption of Subordinate Obligations of any Series shall be mailed by the Fiscal Agent for that Series, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to each Holder, the Securities Depositories and the Information Services. Each notice of redemption shall state the date of such notice, the date of issue of the Series of Subordinate Obligations to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Fiscal Agent for that Series), the CUSIP number, if any, of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Subordinate Obligations of such maturity, to be redeemed and, in the case of Subordinate Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Subordinate Obligations the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Subordinate Obligation 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 shall cease to accrue, and shall require that such

Subordinate Obligations be then surrendered at the address or addresses of the Fiscal Agent specified in the redemption notice. None of the City, the Board, the Department or the Fiscal Agent for such Series shall have any responsibility for any defect in the CUSIP number that appears on any Subordinate Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that none of the City, the Board, the Department or the Fiscal Agent for such Series shall be liable for any inaccuracy in such numbers.

Failure by the Fiscal Agent for a Series of Subordinate Obligations being redeemed to give notice to any one or more of the Information Services or Securities Depositories or failure of any Holder to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

Section 4.06. Payment of Redeemed Subordinate Obligations. Notice having been given in the manner provided in Section 4.05 hereof, the Subordinate Obligations or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Subordinate Obligations, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If only a portion a Subordinate Obligation is redeemed, the City, acting by and through the Board, shall execute and the Fiscal Agent for that Subordinate Obligation shall authenticate and deliver, upon the surrender of such Subordinate Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Subordinate Obligation so surrendered, a Subordinate Obligation of like Series and maturity in any authorized denomination. If, on the redemption date, moneys for the redemption of all the Subordinate Obligations or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Subordinate Obligations or portion thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Subordinate Obligations or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V

SUBORDINATE REVENUES AND FUNDS

Section 5.01. Pledge of Subordinate Revenues. The Subordinate Obligations are special limited obligations of the City and are secured by a pledge of and shall be a charge upon and shall be payable, as to the principal thereof, interest thereon, any premium upon redemption thereof and such other payment obligations thereon, if any, solely from and secured by a lien upon the Subordinate Revenues and such other funds, assets, rights, property, interests and security described hereunder and under any Supplemental Subordinate Resolution. The Board, on behalf of the City, hereby pledges, places a charge upon and assigns all Subordinate Revenues and such other funds, assets, rights, property, interests and security described hereunder and

under any Supplemental Subordinate Resolution to secure the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Subordinate Obligations in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of this Master Subordinate Resolution and any Supplemental Subordinate Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein and in any Supplemental Subordinate Resolution, and the Subordinate Revenues and such other funds, assets, rights, property, interests and security described hereunder and under any Supplemental Subordinate Resolution constitute a trust fund for the security and payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Subordinate Obligations. There are hereby pledged to secure the payment of the principal of and premium, if any, and interest and such other payment obligations, if any, on the Subordinate Obligations in accordance with their terms all amounts (including proceeds of the Subordinate Obligations) held by the Treasurer in the Subordinate Debt Service Fund, subject only to the provisions of this Master Subordinate Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein.

Out of Subordinate Revenues there shall be applied as hereinafter set forth all sums required for the payment of the principal of (including any premium thereon) and interest and such other payment obligations, if any, on the Subordinate Obligations and the funding of any Subordinate Debt Service Reserve Fund. All remaining Subordinate Revenues, after making the foregoing allocations, shall be used to pay *first*, the principal, premium, interest, other payment obligation and reserve fund requirements of any subordinated obligations as described in Section 6.11(c) hereof, and *second*, the Maintenance Costs, and thereafter any remaining Subordinate Revenues shall be surplus revenues and may be used for any lawful purpose. The pledge of Subordinate Revenues herein made shall be irrevocable until there are no longer Subordinate Obligations Outstanding.

Section 5.02. Allocation of Revenues and Subordinate Revenues. All Revenues shall be deposited with the Treasurer and placed in the Harbor Revenue Fund. The Treasurer shall first transfer moneys from the Harbor Revenue Fund to the funds and in the priority set forth in Section 5.03(B) of the Master Senior Resolution. Any Revenues remaining in the Harbor Revenue Fund after the transfers described in paragraphs 1, 2 and 3 of Section 5.03(B) of the Master Senior Resolution and any Supplemental Senior Resolution, shall be transferred by the Treasurer to the Subordinate Debt Service Fund, and any Subordinate Debt Service Reserve Fund established under a Supplemental Subordinate Resolution and shall set aside such moneys in such funds in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Subordinate Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority.

(a) **Interest Account.** At least five (5) Business Days prior to each date on which (i) interest on the Subordinate Obligations is due and payable, and (ii) such other amounts payable from the Interest Account as described in Section 5.04(a) hereof are due and payable (collectively, the “**Interest Account Requirements**”), the Treasurer shall set aside in the Interest Account Subordinate Revenues in an amount equal to the Interest Account Requirements due and payable on such payment date(s). No deposit need be

made into the Interest Account if the amount contained therein is at least equal to the Interest Account Requirements due and payable on such payment date(s).

(b) ***Principal Account.*** At least five (5) Business Days prior to each maturity date, mandatory sinking fund redemption date or purchase date of the Subordinate Obligations or any other date the principal of the Subordinate Obligations may be due and payable (except for redemption dates described in Section 5.05 hereof), the Treasurer shall set aside in the Principal Account Subordinate Revenues in an amount equal to the principal of the Subordinate Obligations due and payable on such maturity date, mandatory sinking fund redemption date, purchase date and/or other date the principal of the Subordinate Obligations may be due and payable (except for redemption dates described in Section 5.05 hereof). No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal due and payable on such maturity date, mandatory sinking fund redemption date, purchase date and/or other date the principal of the Subordinate Obligations may be due and payable (except for redemption dates described in Section 5.05 hereof).

(c) ***Subordinate Debt Service Reserve Fund.*** The Treasurer shall deposit or cause to be deposited as soon as possible in each month in any Subordinate Debt Service Reserve Fund established under a Supplemental Subordinate Resolution for a Series of Subordinate Obligations, upon the occurrence of any deficiency therein, one-twelfth of the aggregate amount of each unreplenished prior withdrawal from such Subordinate Debt Service Reserve Fund and the full amount of any deficiency due to any required valuations of the investments in such Subordinate Debt Service Reserve Fund until the balance in such Subordinate Debt Service Reserve Fund is at least equal to the amount required pursuant to the Supplemental Subordinate Resolution or other document creating such Subordinate Debt Service Reserve Fund.

Any Revenues remaining in the Harbor Revenue Fund after the transfers described in paragraphs 1, 2 and 3 of Section 5.03(B) of the Master Senior Resolution and the transfers described in paragraphs (a), (b) and (c) above, except as otherwise provided in a Supplemental Subordinate Resolution, shall be applied as set forth in Section 5.01 of the Master Senior Resolution and Section 5.01 hereof.

Section 5.03. Establishment of Subordinate Debt Service Fund.

(a) Pursuant to the Law, the Treasurer shall establish and maintain the “Subordinate Harbor Debt Service Fund” within the Harbor Revenue Fund and shall establish and maintain the “Interest Account” and the “Principal Account” in said “Subordinate Harbor Debt Service Fund.”

(b) The Subordinate Debt Service Fund and all accounts established and maintained therein shall be held by the Treasurer and shall be accounted for separate and apart from all other funds and moneys of the Treasurer until all Subordinate Obligations have been paid in full or discharged in accordance with Article IX hereof and any Supplemental Subordinate Resolution.

Section 5.04. Application of Subordinate Debt Service Fund.

(a) ***Interest Account.*** Amounts in the Interest Account shall be used and withdrawn by the Treasurer solely for the purpose of (i) paying interest on the Subordinate Obligations as it shall become due and payable (including accrued interest on any Subordinate Obligations purchased or redeemed prior to maturity), (ii) making payments to providers of credit and liquidity enhancement for any Subordinate Obligations with respect to reimbursement to such providers of interest payments on any Subordinate Obligations made by such providers, (iii) making regularly scheduled payments to the counterparty or counterparties to an interest rate swap agreement entered into by the City, acting by and through the Board, with respect to one or more Series of Subordinate Obligations, and (iv) making such other payments as shall be set forth and required pursuant to a Supplemental Subordinate Resolution.

(b) ***Principal Account.***

(i) All amounts in the Principal Account shall be used and withdrawn by the Treasurer solely for the purposes of paying the principal of the Subordinate Obligations when due and payable at maturity, upon mandatory sinking fund redemption, upon a mandatory or optional tender or on any other date the principal of the Subordinate Obligations may be due and payable (except for redemption dates described in Section 5.05 hereof) and making payments to providers of credit and liquidity enhancement for any Subordinate Obligations with respect to reimbursement to such providers of payments of Subordinate Obligations made by such providers.

(ii) Notwithstanding paragraph (i) above, the Treasurer may apply moneys in the Principal Account to the purchase of Subordinate Obligations, at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as is directed by the Board. All Subordinate Obligations purchased pursuant to this paragraph shall be delivered to the Fiscal Agent for such Subordinate Obligations and cancelled by the Fiscal Agent.

Section 5.05. Establishment, Funding and Application of Redemption Fund. The Treasurer shall establish, maintain and hold in trust a special fund designated as the "Subordinate Harbor Redemption Fund." All moneys deposited with the Treasurer for the purpose of optionally redeeming Subordinate Obligations shall, unless otherwise directed by the Board or as otherwise provided in a Supplemental Subordinate Resolution, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Treasurer solely for the purpose of redeeming Subordinate Obligations of any Series, in the manner, at the times and upon the terms and conditions specified in the Supplemental Subordinate Resolution pursuant to which the Series of Subordinate Obligations was issued; provided that, at any time prior to the Fiscal Agent for such Series giving notice of redemption, the Treasurer shall, upon receipt of a Request of the Board, apply such amounts to the purchase of Subordinate Obligations at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest which is payable from the Interest

Account) as is directed by the Board, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Subordinate Obligations, unless otherwise provided in a Supplemental Subordinate Resolution. All Term Subordinate Obligations purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Subordinate Obligations as may be specified in a Request of the Board.

Section 5.06. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Treasurer and established pursuant to this Master Subordinate Resolution or a Supplemental Subordinate Resolution shall 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.

Unless otherwise provided in a Supplemental Subordinate Resolution with respect to any fund created pursuant to that Supplemental Subordinate Resolution, all interest, profits and other income received from the investment of moneys in any fund or account shall be transferred to the Harbor Revenue Fund when received. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

The Treasurer may commingle any of the funds or accounts established pursuant to this Master Subordinate Resolution or a Supplemental Subordinate Resolution into a separate fund or funds for investment purposes only; provided that all funds or accounts held by the Treasurer hereunder or under a Supplemental Subordinate Resolution shall be accounted for separately as required by this Master Subordinate Resolution or a Supplemental Subordinate Resolution. The Treasurer may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited.

The City, acting by and through the Board, may enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Subordinate Obligations or any portion thereof and the amounts received by the Board, on behalf of the City, if any, pursuant to such interest rate swap agreement may be applied to the deposits required hereunder, in which case, the entity with which the City, acting by and through the Board, may contract for an interest rate swap is limited to entities the debt securities of which are rated in one of the two highest short-term or long-term debt Rating Categories by Moody's and S&P or such other Rating Categories of Moody's and S&P as provided for in the derivatives policy or policies of the City and/or the Department. If the Board so designates, regularly scheduled amounts payable under the interest rate swap agreement shall be secured by Subordinate Revenues and other assets pledged hereunder or under a Supplemental Subordinate Resolution to the Subordinate Obligations on a parity basis therewith and, in such event, the Treasurer shall deposit in the Interest Account, at the times and in the manner provided in Section 5.02(a) hereof, the regularly scheduled amounts to be paid under such interest rate swap agreement, as if such amounts were additional interest due on the Subordinate Obligations to which such interest rate swap agreement relates, and the Treasurer shall pay to the other party to the interest rate

swap agreement, to the extent required thereunder, regularly scheduled amounts deposited in the Interest Account for the payment of interest on the Subordinate Obligations with respect to which such agreement was entered into.

The Treasurer shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Subordinate Obligations, including moneys derived from, pledged to, or to be used to make payments on the Subordinate Obligations. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Treasurer is to be allocated and shall set forth, in the case of each Investment Security, (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be, including accrued interest; (d) the amounts and dates of any payments made with respect thereto; and (e) the dates of acquisition and disposition or maturity.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Senior Resolution. The City, acting by and through the Board, hereby covenants and agrees to comply in all respects with each of the provisions, covenants and agreements contained in the Senior Resolution and, to the extent any other covenants set forth in this Article VI conflict with any covenants set forth in the Senior Resolution, the covenants in the Senior Resolution shall supersede the conflicting covenants set forth herein.

Section 6.02. Punctual Payment. The City, acting by and through the Board, will punctually pay or cause to be paid the principal or Redemption Price and interest to become due in respect of all the Subordinate Obligations, in strict conformity with the terms of the Subordinate Obligations, this Master Subordinate Resolution and any Supplemental Subordinate Resolution, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all transfers to the Subordinate Debt Service Fund, but in each case, only out of Subordinate Revenues as provided in this Master Subordinate Resolution or such other moneys, assets or security which shall be provided for or pledged to the payment of any Series of Subordinate Obligations as provided in the Supplemental Subordinate Resolution pursuant to which such Series is issued.

Section 6.03. Waiver of Laws. The Board, on behalf of the City, will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Master Subordinate Resolution, any Supplemental Subordinate Resolution or in the Subordinate Obligations, and all benefit or advantage of any such law or laws is hereby expressly waived by the Board, on behalf of the City, to the extent permitted by law.

Section 6.04. Further Assurances. The Board, on behalf of the City, will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Master Subordinate

Resolution and any Supplemental Subordinate Resolution and for the better assuring and confirming unto the Owners of the Subordinate Obligations of the rights and benefits provided in this Master Subordinate Resolution and any Supplemental Subordinate Resolution.

Section 6.05. Against Encumbrances; Discharge Claims; Assessments. No pledge, lien or charge upon any of the Subordinate Revenues having priority over the lien of the Subordinate Obligations shall be created. Except as permitted in Section 6.11 hereof, no pledge, lien or charge upon any of the Subordinate Revenues on a parity with the lien of the Subordinate Obligations shall be created. The Board, on behalf of the City, shall pay or cause to be paid from the Harbor Revenue Fund and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Port which, if unpaid, may become a lien or charge upon the Subordinate Revenues prior or superior to the lien of the Subordinate Obligations and impair the security of the Subordinate Obligations. The Board, on behalf of the City, shall pay or cause to be paid from the Harbor Revenue Fund all taxes and assessments or other governmental charges lawfully levied or assessed against the City and the Department upon or in respect of the Port or upon any part thereof or upon any of the Subordinate Revenues therefrom.

Section 6.06. Accounting Records and Financial Statements.

(a) The City, acting by and through the Board, will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Subordinate Revenues. Such books of record and account shall be available for inspection at reasonable hours and under reasonable circumstances by each Fiscal Agent or by the Holders of not less than 10% of the Outstanding Subordinate Obligations or their representatives authorized in writing.

(b) The Board, on behalf of the City, will furnish to each Fiscal Agent, within 210 days after the end of each Fiscal Year, the financial statements of the Department for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles or if the financial statements have not been prepared in accordance with generally accepted accounting principles, stating the exceptions and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards. The Fiscal Agent shall, at the expense of the Department, furnish a copy of the financial statements upon request, to any Holder.

Section 6.07. Operate Port in Efficient and Economical Manner. The Board, on behalf of the City, shall operate the Port in an efficient and economical manner and operate, maintain and preserve the Port in good repair and working order.

Section 6.08. No Sale, Eminent Domain. Except as provided herein and the Master Senior Resolution, the Port shall not be mortgaged or otherwise encumbered, sold, leased, pledged, or any charge placed thereon, or disposed of as a whole or substantially as a whole unless such sale or other disposition be so arranged as to provide for a continuance of payments into the Harbor Revenue Fund sufficient in amount to permit payment therefrom of the principal

of and interest on and premium, if any, due upon the call and redemption thereof, of *first*, the Senior Bonds and any Senior Parity Debt, and *second*, the Subordinate Obligations, payment of which is required to be made out of Revenues and Subordinate Revenues, and also to provide for such payments into the funds as are required under the terms of the Senior Resolution, this Master Subordinate Resolution and any Supplemental Subordinate Resolution.

Any amounts received as awards as a result of the taking of all or any substantial part of the Port by the lawful exercise of eminent domain or from any sale of all or any substantial part of the Port to a government threatening to exercise the power of eminent domain, if and to the extent that such right can be exercised against such property of the City, shall either be used for the acquisition and/or construction of improvements and extensions of the Port or shall be placed in the appropriate funds and shall be used to pay or call and redeem *first*, Senior Bonds and any Senior Parity Debt in the manner provided in the Senior Resolution, and *second*, Subordinate Obligations in the manner provided in this Master Subordinate Resolution and any Supplemental Subordinate Resolution.

Section 6.09. Insurance. There shall at all times be maintained with responsible insurers or through a program of self-insurance all such 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 such works or properties. If any useful part of the Port shall be damaged or destroyed, unless the Board determines that restoration would be uneconomical, such part shall be restored to use, to the extent it can be so restored, using insurance proceeds and any other moneys available therefor. The money collected from insurance against accident to or destruction of the Port shall be used for repairing or rebuilding the damaged or destroyed Port, and to the extent not so applied, shall be applied, at the option of the Board, to acquire and/or construct improvements and extensions of the Port or to pay or call or redeem *first*, Senior Bonds and any Senior Parity Debt, and *second*, Subordinate Obligations.

The City, acting by and through the Board, also shall (by self-insuring or by maintenance with responsible insurers or by a combination thereof) provide for workers' compensation insurance for Department workers and insurance against public liability and property damage to the Port to the extent reasonably necessary to protect the City, the Department and the Holders.

Section 6.10. Rates and Charges. While any Subordinate Obligations are Outstanding, 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, shall produce Revenues in each Fiscal Year at least equal to the following amounts:

(a) the interest on and principal of all outstanding Senior Bonds and all Senior Parity Debt as the same shall become due and payable during such Fiscal Year;

(b) all payments required for compliance with the Senior Resolution including payments required to be made into any debt service reserve fund required to be

maintained pursuant to any Supplemental Senior Resolution or with respect to any Senior Parity Debt;

(c) all payments required to meet any other obligations of the City or the Department which are charges, liens and encumbrances upon or payable from Revenues;

(d) the interest on and principal of all Outstanding Subordinate Obligations as the same shall become due and payable during such Fiscal Year;

(e) all payments required for compliance with this Master Subordinate Resolution including payments required to be made into any Subordinate Debt Service Reserve Fund required to be maintained pursuant to any Supplemental Subordinate Resolution;

(f) all payments required to meet any other obligations of the City or the Department which are charges, liens and encumbrances upon or payable from Subordinate Revenues; and

(g) all Maintenance Costs.

Section 6.11. Additional Subordinate Obligations.

(a) Except for Refunding Subordinate Obligations and the Initial Subordinate Obligations, no additional indebtedness payable out of the Subordinate Revenues and ranking on a parity with the Subordinate Obligations shall be issued or incurred unless either (i) the Net Subordinate 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 Subordinate Obligations, as set forth in a Certificate of the Board; or (ii) the estimated Net Subordinate Revenues for the first 12-month period following the completion of the improvements or extensions to the Port financed with the proceeds of the additional Subordinate Obligations, as estimated by and set forth in a certificate of an independent certified public accountant or an independent engineer appointed by the Board, are at least equal to 1.00 times Maximum Annual Debt Service on all Subordinate Obligations Outstanding immediately subsequent to the issuance or incurrence of such additional Subordinate Obligations.

For the purpose of determining compliance with clauses (i) or (ii) in the previous paragraph, there may be included in Net Subordinate Revenues either or both of the following: (A) an allowance for any increase in Net Subordinate 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 Subordinate Obligations or with the proceeds of Subordinate Obligations previously issued, and also for any increase in Net Subordinate Revenues from any additions, extension 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 Subordinate 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 (B) 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 or incurrence of such additional Subordinate Obligations, 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 Subordinate 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.

(b) Neither of the certificates described in paragraph (a) above shall be required, if the Subordinate Obligations being issued or incurred are Refunding Subordinate Obligations.

(c) Nothing in this Master Subordinate Resolution shall limit the ability of the City, acting by and through the Board, to issue or incur obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Senior Bonds, the Senior Parity Debt and the Subordinate Obligations and which subordinated obligations are payable as to principal, premium, interest and debt service reserve fund requirements, if any, only out of Revenues after the prior payment of (i) all amounts then due and required to be paid or set aside under the Senior Resolution from Revenues for the principal, premium, interest and debt service reserve fund requirements for the Senior Bonds and all Senior Parity Debt, as the same become due and payable and at the times and in the manner as required in the Senior Resolution, and (ii) all amounts then due and required to be paid or set aside under this Master Subordinate Resolution and any Supplemental Subordinate Resolution from Subordinate Revenues for the principal, premium, interest and debt service reserve fund requirements for the Subordinate Obligations, as the same become due and payable and at the times and in the manner as required in this Master Subordinate Resolution and any Supplemental Subordinate Resolution.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. Appointment; Duties, Immunities and Liabilities of Fiscal Agent.

(a) The City, acting by and through the Board, shall appoint a Fiscal Agent for each Series of Subordinate Obligations in the Supplemental Subordinate Resolution pursuant to which such Subordinate Obligations are authorized and issued. Each Fiscal Agent shall act as the agent of the City and shall perform such duties and only such duties as are specifically set forth in this Master Subordinate Resolution or the Supplemental Subordinate Resolution pursuant to which it was appointed and no implied covenants shall be read into this Master Subordinate Resolution or such Supplemental Subordinate Resolution against the Fiscal Agent. Each Fiscal Agent shall exercise such rights and powers vested in it by this Master Subordinate Resolution or the Supplemental Subordinate Resolution pursuant to which it was appointed.

(b) The City, acting by and through the Board, may remove any Fiscal Agent at any time with or without cause and shall remove any Fiscal Agent if at any time such Fiscal Agent shall cease to be eligible in accordance with paragraph (e) below, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of such Fiscal Agent or its property shall be appointed, or any public officer shall take control or charge of such Fiscal Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to such Fiscal Agent, and thereupon shall appoint a successor Fiscal Agent by an instrument in writing.

(c) Each Fiscal Agent may at any time resign by giving written notice of such resignation to the Treasurer and the Board and by giving the Holders notice of such resignation by mail at the addresses shown on the registration books maintained by such Fiscal Agent. Upon receiving such notice of resignation, the City, acting by and through the Board, shall promptly appoint a successor Fiscal Agent by an instrument in writing.

(d) Any removal or resignation of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent. If no successor Fiscal Agent shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Fiscal Agent. Any successor Fiscal Agent shall signify its acceptance of such appointment by executing and delivering to the City, acting by and through the Board, and to the predecessor Fiscal Agent a written acceptance thereof, and thereupon such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of such predecessor Fiscal Agent, with like effect as if originally named Fiscal Agent. Upon request of the successor Fiscal Agent, the City, acting by and through the Board, and the predecessor Fiscal Agent shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such rights, powers, duties and obligations.

(e) Unless otherwise provided in a Supplemental Subordinate Resolution, any Fiscal Agent appointed under the provisions of this Section shall be a trust company or bank having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time a Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.01(e), such Fiscal Agent shall resign immediately in the manner and with the effect specified in this Section.

If, by reason of the judgment of any court, a Fiscal Agent for a Series of Subordinate Obligations or any successor Fiscal Agent is rendered unable to perform its duties hereunder, and if no successor Fiscal Agent be then appointed, all such duties and all of the rights and powers of such Fiscal Agent shall be assumed by and vest in the Treasurer in trust for the benefit of the Holders of such Series.

Section 7.02. Merger or Consolidation. Any company into which a Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01(e) hereof, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7.03. Liability of Fiscal Agent.

(a) The recitals of facts herein, in the Supplemental Subordinate Resolution pursuant to which a Fiscal Agent is appointed and in the Subordinate Obligations of such Series contained shall be taken as statements of the City, acting by and through the Board, and the Fiscal Agent for such Series assumes no responsibility for the correctness of the same (other than the certificate of authentication of such Fiscal Agent on each Subordinate Obligation), and makes no representations as to the validity or sufficiency of this Master Subordinate Resolution, any Supplemental Subordinate Resolution or of the Subordinate Obligations, as to the sufficiency of the Subordinate Revenues or the priority of the lien of this Master Subordinate Resolution and any Supplemental Subordinate Resolution thereon, or as to the financial or technical feasibility of any Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly set forth herein, in the applicable Supplemental Subordinate Resolution or in the Subordinate Obligations assigned to or imposed upon it. Each Fiscal Agent shall, however, be responsible for its representations contained in its certificate of authentication on the Subordinate Obligations. A Fiscal Agent shall not be liable in connection with the performance of its duties hereunder or under the applicable Supplemental Subordinate Resolution, except for its own gross negligence, willful misconduct or breach of the express terms and conditions hereof. A Fiscal Agent and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Subordinate Obligations of a Series for which it has been appointed Fiscal Agent and may join in any action which any Owner of a Subordinate Obligation may be entitled to take, with like effect as if such Fiscal Agent was not the Fiscal Agent for such Series of Subordinate Obligations. Each Fiscal Agent may in good faith hold any other form of indebtedness of the City, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the City and make disbursements for the City and enter into any commercial or business arrangement therewith, without limitation.

(b) A Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that such Fiscal Agent was negligent in ascertaining the pertinent facts. A Fiscal Agent may execute any of the rights or powers hereunder and under the applicable Supplemental Subordinate

Resolution and perform the duties required of it hereunder and under the applicable Supplemental Subordinate Resolution by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder and under the applicable Supplemental Subordinate Resolution, but such Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that such Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney-in-law, agent or receiver selected by it with due care.

(c) No provision of this Master Subordinate Resolution or any Supplemental Subordinate Resolution shall require a Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder or under the Supplemental Subordinate Resolution pursuant to which it was appointed, or in the exercise of its rights or powers.

(d) A Fiscal Agent shall not be required to ascertain, monitor or inquire as to the performance or observance by the City, acting by and through the Board, of the terms, conditions, covenants or agreements set forth in Article VI hereof or in the Supplemental Subordinate Resolution pursuant to which it was appointed, other than the covenants of the City, acting by and through the Board, to make payments with respect to the Subordinate Obligations when due as set forth in Section 6.02 hereof and in the Supplemental Subordinate Resolution pursuant to which it was appointed and to file with such Fiscal Agent when due, such reports and certifications as the City, acting by and through the Board, is required to file with each Fiscal Agent hereunder and under the Supplemental Subordinate Resolution pursuant to which it was appointed, if any.

(e) No permissive power, right or remedy, if any, conferred upon a Fiscal Agent hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(f) A Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, Subordinate Obligation, debenture, coupon or other paper or document but a Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if a Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City and the Department, personally or by agent or attorney.

(g) Whether or not therein expressly so provided, every provision of this Master Subordinate Resolution and in the Supplemental Subordinate Resolution pursuant to which it was appointed relating to the conduct or affecting the liability of or affording protection to any Fiscal Agent shall be subject to the provisions of this Article VII.

Section 7.04. Right of Fiscal Agent to Rely on Documents. A Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or

presented by the proper party or parties. A Fiscal Agent may consult with counsel, including, without limitation, counsel of or to the City, the Board or the Department, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder or under the Supplemental Subordinate Resolution pursuant to which it was appointed in good faith and in accordance therewith unless it shall be proved that a Fiscal Agent was negligent in ascertaining the pertinent facts.

Whenever in the administration of the duties imposed upon it by this Master Subordinate Resolution and the Supplemental Subordinate Resolution pursuant to which it was appointed, a Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder or under the Supplemental Subordinate Resolution pursuant to which it was appointed, such matter (unless other evidence in respect thereof be herein or in the Supplemental Subordinate Resolution pursuant to which it was appointed specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City or the Board, and such Certificate shall be full warrant to a Fiscal Agent for any action taken or suffered in good faith under the provisions of this Master Subordinate Resolution or under the Supplemental Subordinate Resolution pursuant to which it was appointed in reliance upon such Certificate. A Fiscal Agent may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the City or the Board or selected by such Fiscal Agent with due care in connection with matters required to be proven or ascertained in connection with its administration of the duties created hereby or by the Supplemental Subordinate Resolution pursuant to which it was appointed.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF MASTER SUBORDINATE RESOLUTION OR SUPPLEMENTAL SUBORDINATE RESOLUTION

Section 8.01. Amendments Permitted.

(a) (i) This Master Subordinate Resolution or any Supplemental Subordinate Resolution and the rights and obligations of the City, the Board, the Department, the Owners of the Subordinate Obligations and any Fiscal Agent may be modified or amended from time to time and at any time by filing with each Fiscal Agent (or if such modification or amendment is only applicable to a Series of Subordinate Obligations, to such Fiscal Agent) a Supplemental Subordinate Resolution, adopted by the Board with the written consent of the Owners of a majority in aggregate amount of principal of the Subordinate Obligations (or, if such modifications or amendments are only applicable to a Series of Subordinate Obligations, the written consent of the Owners of a majority in aggregate amount of principal of the Subordinate Obligations of that Series) then Outstanding; provided that if such modification or amendment will, by its terms, not take effect so long as any Subordinate Obligations of any particular maturity remain Outstanding, the consent of the Owners of such Subordinate Obligations shall not be required and such Subordinate Obligations shall not be deemed to be

Outstanding for the purpose of any calculation of Subordinate Obligations Outstanding under this Section; provided further, that if at such time the payment of all the principal of and interest on all Outstanding Subordinate Obligations of a Series shall be guaranteed by providers of credit or liquidity enhancement (or both) which shall be financial institutions or associations having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such credit or liquidity enhancement, in one of the two highest Rating Categories of Moody's or S&P, the consent of the providers of the credit or liquidity enhancement of the Subordinate Obligations of that Series may be substituted for the required consent of the Owners of Subordinate Obligations of that Series.

(ii) No such modification or amendment shall (A) extend the fixed maturity of any Subordinate Obligation, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Subordinate Obligation, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Subordinate Obligation so affected; (B) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Subordinate Revenues and other assets pledged under this Master Subordinate Resolution prior to or on a parity with the lien created by this Master Subordinate Resolution, or deprive the Owners of the Subordinate Obligations of the lien created by this Master Subordinate Resolution on such Subordinate Revenues and other assets (in each case, except as expressly provided in this Master Subordinate Resolution), without the consent of the Owners of all of the Subordinate Obligations then Outstanding; or (C) modify any rights or duties of the Fiscal Agent without its consent.

It shall not be necessary for the consent of the Holders to approve the particular form of any Supplemental Subordinate Resolution, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the adoption by the Board of any Supplemental Subordinate Resolution pursuant to Section 8.01(a)(i), the Fiscal Agent for each Series of Subordinate Obligations that may be affected by any such modification or amendment shall mail a notice, setting forth in general terms the substance of such Supplemental Subordinate Resolution to the Owners of the Subordinate Obligations at the addresses shown on the registration books of the Fiscal Agent. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Subordinate Resolution.

For the purposes of this Section 8.01(a), the purchasers of the Subordinate Obligations of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the City, acting by and through the Board, may consent to a modification or amendment permitted by this Section 8.01(a) in the manner provided herein and with the same effect as a consent given by the Holder of such Subordinate Obligations, except that no proof of ownership shall be required; provided, that this provision of Section 8.01(a) shall be disclosed prominently

in the offering document, if any, for each Series of Subordinate Obligations issued pursuant to this Master Subordinate Resolution, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Subordinate Obligations of such Series by the City, acting by and through the Board.

(b) This Master Subordinate Resolution, any Supplemental Subordinate Resolution and the rights and obligations of the City, the Board, the Department, the Owners of the Subordinate Obligations and any Fiscal Agent may also be modified or amended from time to time and at any time by a Supplemental Subordinate Resolution, which the Board may adopt without the consent of any Holders but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Board and the Department in this Master Subordinate Resolution or any Supplemental Subordinate Resolution thereafter to be observed, to pledge or assign additional security for the Subordinate Obligations (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City, the Board or the Department;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Master Subordinate Resolution or any Supplemental Subordinate Resolution, or in regard to matters or questions arising under this Master Subordinate Resolution or any Supplemental Subordinate Resolution, as the Board may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners of the Subordinate Obligations;

(iii) to modify, amend or supplement this Master Subordinate Resolution or any Supplemental Subordinate Resolution in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Owners of the Subordinate Obligations;

(iv) to provide for the issuance of a Series of Subordinate Obligations with such interest rate, payment, maturity and other terms as the Board may deem desirable; subject to the provisions of Article III hereof;

(v) to provide for the issuance of Subordinate Obligations in book-entry form or bearer form; provided that no such provision shall materially and adversely affect the interests of the Owners of the Subordinate Obligations;

(vi) to make modifications or adjustments necessary, appropriate or desirable to accommodate credit or liquidity enhancements including letters of

credit and insurance policies delivered with respect to any Subordinate Debt Service Reserve Fund, and which shall not materially and adversely affect the interests of the Owners of the Subordinate Obligations;

(vii) to qualify the Subordinate Obligations or a Series of Subordinate Obligations for a rating or ratings from a Rating Agency;

(viii) to accommodate the technical, operational and structural features of Subordinate Obligations which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the City, acting by and through the Board, from time to time deems appropriate to incur, and which shall not materially and adversely affect the interests of the Owners of the Subordinate Obligations;

(ix) if the City, acting by and through the Board, has covenanted in a Supplemental Subordinate Resolution to maintain the exclusion of interest on a Series of Subordinate Obligations from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion; and

(x) for any other purpose that does not materially and adversely affect the interests of the Owners of the Subordinate Obligations.

Section 8.02. Effect of Supplemental Subordinate Resolution. From and after the time any Supplemental Subordinate Resolution becomes effective pursuant to this Article (including, but not limited to, the receipt of the written consents of the Owners of the Subordinate Obligations, as applicable), this Master Subordinate Resolution or the Supplemental Subordinate Resolution, as applicable, shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Master Subordinate Resolution or the Supplemental Subordinate Resolution, as applicable, of the City, the Board, the Department, each Fiscal Agent and all Owners of Subordinate Obligations Outstanding shall thereafter be determined, exercised and enforced hereunder and thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Subordinate Resolution shall be deemed to be part of the terms and conditions of this Master Subordinate Resolution or the Supplemental Subordinate Resolution, as applicable, for any and all purposes.

Section 8.03. Endorsement of Subordinate Obligations; Preparation of New Subordinate Obligations. Subordinate Obligations delivered after any Supplemental Subordinate Resolution becomes effective pursuant to this Article may, and if a Fiscal Agent so determines shall, bear a notation by endorsement or otherwise in form approved by the Board and such Fiscal Agent as to any modification or amendment provided for in such Supplemental Subordinate Resolution, and, in that case, upon demand of the Owner of any Subordinate Obligation Outstanding at the time of such execution and presentation of their Subordinate Obligation for such purpose at the Corporate Trust Office of such Fiscal Agent or at such

additional offices as such Fiscal Agent may select and designate for that purpose, a suitable notation shall be made on such Subordinate Obligation. If a Supplemental Subordinate Resolution shall so provide, new Subordinate Obligations so modified as to conform, in the opinion of the Board and the Fiscal Agent for such Series, to any modification or amendment contained in such Supplemental Subordinate Resolution, shall be prepared and executed by the City, acting by and through the Board, and authenticated by such Fiscal Agent, and upon demand of the Owners of any Subordinate Obligations then Outstanding shall be exchanged at the Corporate Trust Office of such Fiscal Agent, without cost to any Holder, for Subordinate Obligations then Outstanding, upon surrender for cancellation of such Subordinate Obligations, in equal aggregate principal amounts of the same Series, tenor and maturity.

Section 8.04. Amendment of Particular Subordinate Obligations. The provisions of this Article shall not prevent any Holder from accepting any amendment as to the particular Subordinate Obligations held by them; provided that due notation thereof is made on such Subordinate Obligations.

ARTICLE IX

DEFEASANCE

Section 9.01. Discharge of Master Subordinate Resolution. Except as may be provided in any Supplemental Subordinate Resolution, Subordinate Obligations of any Series may be paid by the City, acting by and through the Board, in any of the following ways:

- (a) by paying or causing to be paid the principal of and interest on all Subordinate Obligations Outstanding of the Series, as and when the same become due and payable;
- (b) by depositing with the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.03 hereof) to pay or redeem all Subordinate Obligations Outstanding of the Series; or
- (c) by delivering to the Fiscal Agent for such Series, for cancellation by it, all Subordinate Obligations then Outstanding of the Series.

If the City, acting by and through the Board, shall pay all Series for which any Subordinate Obligations are Outstanding and also pay or cause to be paid all other sums payable to any provider of credit or liquidity enhancement, then and in that case, at the election of the Board (evidenced by a Certificate of the Board, filed with each Fiscal Agent, signifying the intention of the City, acting by and through the Board, to discharge all such indebtedness and this Master Subordinate Resolution), and notwithstanding that any Subordinate Obligations shall not have been surrendered for payment, this Master Subordinate Resolution and the pledge of Subordinate Revenues and other assets made under this Master Subordinate Resolution and any Supplemental Subordinate Resolution and all covenants, agreements and other obligations of the Board, the Department and the City under this Master Subordinate Resolution and any Supplemental Subordinate Resolution shall cease, terminate, become void and be completely

discharged and satisfied. In such event, upon Request of the Board, the Treasurer shall cause an accounting for such period or periods as the Board may request to be prepared and filed with the Board and shall cause to be executed and delivered to the Board all such instruments as may be necessary or desirable to evidence such discharge and satisfaction.

Section 9.02. Discharge of Liability on Subordinate Obligations. Upon the deposit with the Treasurer, the Fiscal Agent for a Series, an escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.03 hereof) to pay or redeem any Outstanding Subordinate Obligation (whether upon or prior to its maturity or the redemption date of such Subordinate Obligation); provided that, if such Subordinate Obligation is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV hereof or provision satisfactory to such Fiscal Agent shall have been made for the giving of such notice, then all liability of the City, acting by and through the Board, in respect of such Subordinate Obligation shall cease, terminate and be completely discharged; provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on such Subordinate Obligation, and the City, acting by and through the Board, shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to the provisions of Section 9.04 hereof and the continuing duties of the Fiscal Agent for such Series hereunder including, without limitation, the provisions of Sections 2.05 and 2.06 hereof.

The City, acting by and through the Board, may at any time surrender to the Fiscal Agent for a Series for cancellation by it any Subordinate Obligations previously issued and delivered, which the City, acting by and through the Board, may have acquired in any manner whatsoever, and such Subordinate Obligations, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 9.03. Deposit of Money or Securities. Whenever in this Master Subordinate Resolution or any Supplemental Subordinate Resolution it is provided or permitted that there be deposited with or held in trust by the Treasurer, the Fiscal Agent for a Series, an escrow agent or other fiduciary, money or securities in the necessary amount to pay or redeem any Subordinate Obligations, the money or securities so to be deposited or held shall include one or more of the following:

(a) lawful money of the United States of America in an amount equal to the principal of such Subordinate Obligations and all unpaid interest thereon to maturity, except that, in the case of Subordinate Obligations which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV hereof or provision satisfactory to the Fiscal Agent for such Series shall have been made for the giving of such notice, the amount to be deposited or held shall be the Redemption Price of such Subordinate Obligations and all unpaid interest thereon to the redemption date; or

(b) direct obligations of the United States of America or bonds or other obligations for which the faith and credit of the United States of America are pledged for the payment of principal and interest, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the

Treasurer and the Fiscal Agent for such Series for which payment is being made (upon which opinion such Fiscal Agent may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity or to the redemption date, as the case may be, on the Subordinate Obligations to be paid or redeemed, as such principal or Redemption Price and interest become due; provided that, in the case of Subordinate Obligations which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV hereof or provision satisfactory to the Fiscal Agent for such Series shall have been made for the giving of such notice;

provided, in each case, that the Fiscal Agent for such Series shall have been irrevocably instructed (by the terms of this Master Subordinate Resolution, a Supplemental Subordinate Resolution or by Request of the Board) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Subordinate Obligations.

Section 9.04. Payment of Subordinate Obligations After Discharge of Resolution.

Any moneys held by the Fiscal Agent of a Series, an escrow agent or other fiduciary in trust for the payment of the principal or Redemption Price of, or interest on, any Subordinate Obligations of such Series and remaining unclaimed for four years after the principal of all of the Subordinate Obligations of such Series has become due and payable (whether at maturity or upon call for redemption as provided in this Master Subordinate Resolution or a Supplemental Subordinate Resolution), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Subordinate Obligations became due and payable, shall, upon Request of the Board, be released from the trusts created by this Master Subordinate Resolution and transferred to the Treasurer, and all liability of the Fiscal Agent for such Series, an escrow agent or other fiduciary with respect to such moneys shall thereupon cease; provided, however, that before the release of such trust as aforesaid, such Fiscal Agent may (at the cost of the Department) first mail to the Owners of any Subordinate Obligations of such Series remaining unpaid at the addresses shown on the registration books maintained by such Fiscal Agent a notice, in such form as may be deemed appropriate by such Fiscal Agent, with respect to the Subordinate Obligations of such Series so payable and not presented and with respect to the provisions relating to the repayment to the Treasurer of the moneys held for the payment thereof. All moneys held by or on behalf of the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary for the payment of principal or Redemption Price of or interest or premium on Subordinate Obligations of such Series, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the City or the Board) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the Department and shall be deposited monthly by the Treasurer into the Subordinate Debt Service Fund.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.01. Events of Default. Each of the following events shall constitute and is referred to in this Master Subordinate Resolution as an “*Event of Default*”:

(a) a failure to pay the principal of or premium, if any, on any of the Subordinate Obligations when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Subordinate Obligations when such interest shall become due and payable;

(c) a failure to pay the purchase price of any Subordinate Obligation when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Subordinate Resolution;

(d) a failure by the Board, acting on behalf of the City, to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this Section 10.01) that are to be observed or performed by the Board, on behalf of the City, or the Department and which are contained in this Master Subordinate Resolution or a Supplemental Subordinate Resolution, which failure, shall continue for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Board by the Holders of 25% or more of the principal amount of the Subordinate Obligations then Outstanding, unless the Holders of Subordinate Obligations in a principal amount not less than the principal amount of Subordinate Obligations the Holders of which gave such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Holders of such principal amount of Subordinate Obligations shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Board, on behalf of the City, within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the City or the Department and, if instituted against the City or the Department, said proceedings are consented to or are not dismissed within sixty (60) days after such institution;

(f) the occurrence of any other Event of Default as is provided in a Supplemental Subordinate Resolution; or

(g) a default in the payment of principal of or interest on any Senior Bonds or Senior Parity Debt.

If, on any date on which payment of principal of or interest on the Subordinate Obligations is due and sufficient moneys are not on deposit with the Fiscal Agent to make such payment, the Fiscal Agent shall give telephonic notice, followed by written confirmation, of such insufficiency to the Department.

Section 10.02. Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Holders of not less than 25% of the principal amount of the Subordinate Obligations then Outstanding, including but not limited to a trustee or trustees therefor, shall:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders, and require the Board, on behalf of the City, to carry out any agreements with or for the benefit of the Holders and to perform its duties under the Law or any other law to which it is subject and this Master Subordinate Resolution and any applicable Supplemental Subordinate Resolution;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the Board, on behalf of the City, to account as if it were the trustee of an express trust for the Holders;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders; or

(v) take such other actions as are provided for in the Supplemental Subordinate Resolution.

(b) Except as otherwise provided in Section 10.10 hereof or in a Supplemental Subordinate Resolution, a credit facility, a liquidity facility or such other agreement or instrument entered into by the City, acting by and through the Board, in no event, upon the occurrence and continuation of an Event of Default described in Section 10.01 hereof, shall the Holders, a credit facility provider, a liquidity facility provider or any other party have the right to accelerate the payment of principal of and interest on the Subordinate Obligations Outstanding.

Section 10.03. Restoration to Former Position. In the event that any proceeding taken by the Holders to enforce any right under this Master Subordinate Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Holders, then the City, the Board and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Holders shall continue as though no such proceeding had been taken.

Section 10.04. Limitation on Right To Institute Proceedings. No Holder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Subordinate Obligations,

unless Holders of 25% or more of the principal amount of the Subordinate Obligations then Outstanding shall have given written notice of an Event of Default as hereinabove provided; it being understood and intended that no one or more of the Holders shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Master Subordinate Resolution, or to enforce any right hereunder or under the Subordinate Obligations, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders.

Section 10.05. No Impairment of Right To Enforce Payment. Notwithstanding any other provision in this Master Subordinate Resolution, the right of any Holder to receive payment of the principal of and interest on such Subordinate Obligation or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the pledge of Subordinate Revenues and other security provided for the Subordinate Obligations, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Holder.

Section 10.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Master Subordinate Resolution or the Subordinate Obligations shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 10.06.

Section 10.07. No Waiver of Remedies. No delay or omission of any Holder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article X to the Holders may be exercised from time to time and as often as may be deemed expedient.

Section 10.08. Application of Moneys. If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by any receiver or by any Holder pursuant to any right given or action taken under the provisions of this Article X (which shall not include moneys provided through a credit facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys by any receiver, shall be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Subordinate Resolution, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Subordinate Obligations which shall have become due with interest on such Subordinate Obligations at such rate as provided in a Supplemental Subordinate Resolution from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Subordinate Obligations on any

particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 10.08, such moneys shall be applied at such times, and from time to time, as each Fiscal Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever a Fiscal Agent shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. A Fiscal Agent shall give notice of the deposit with it of any such moneys and of the fixing of any such date by mail to all Holders and shall not be required to make payment to any Holder until such Subordinate Obligations shall be presented to such Fiscal Agent for appropriate endorsement or for cancellation if fully paid.

Section 10.09. Severability of Remedies. It is the purpose and intention of this Article X to provide rights and remedies to the Holders, which may be lawfully granted under the provisions of the Law and other applicable law, but should any right or remedy herein granted be held to be unlawful, the Holders shall be entitled, as above set forth, to every other right and remedy provided in this Master Subordinate Resolution or by applicable law.

Section 10.10. Additional Events of Default and Remedies. So long as any particular Series of Subordinate Obligations is Outstanding, the Events of Default and remedies as set forth in this Article X may be supplemented with additional events of default and remedies as set forth in a Supplemental Subordinate Resolution under which such Series of Subordinate Obligations is issued.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of City Limited to Subordinate Revenues. Notwithstanding anything contained in this Master Subordinate Resolution, a Supplemental Subordinate Resolution or the Subordinate Obligations, the City, acting by and through the Board, shall not be required to advance any moneys derived from any source other than the Subordinate Revenues and other money, assets and security pledged hereunder or under a Supplemental Subordinate Resolution for any of the purposes in this Master Subordinate Resolution and any Supplemental Subordinate Resolution mentioned, whether for the payment of the principal or Redemption Price of or interest on the Subordinate Obligations or for any other purpose of this Master Subordinate Resolution or any Supplemental Subordinate Resolution.

The general fund of the City is not liable for the payment of any Subordinate Obligations, any premium thereon upon redemption prior to maturity or their interest, nor is the credit or taxing power of the City pledged for the payment of any Subordinate Obligations, any premium thereon upon redemption prior to maturity or their interest. The Owner of any Subordinate Obligation shall not compel the exercise of the taxing power by the City or the forfeiture of any

of its property. The principal of and interest on any Subordinate Obligations and any premiums upon the redemption of any thereof prior to maturity 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 Subordinate Revenues and other funds, security or assets which are pledged to the payment of the Subordinate Obligations, interest thereon and any premiums upon redemption.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Master Subordinate Resolution either the City, the Board, the Department, the Treasurer or any Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Subordinate Resolution contained by or on behalf of the City, the Board or any Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to City, Board, Fiscal Agents and Holders. Nothing in this Master Subordinate Resolution or in the Subordinate Obligations expressed or implied is intended or shall be construed to give to any person other than the City, the Board, each Fiscal Agent, and the Holders of the Subordinate Obligations, any legal or equitable right, remedy or claim under or in respect of this Master Subordinate Resolution or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Board, each Fiscal Agent, and the Holders of the Subordinate Obligations.

Section 11.04. Waiver of Notice. Whenever in this Master Subordinate Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.05. Destruction or Delivery of Cancelled Subordinate Obligations. Whenever in this Master Subordinate Resolution provision is made for the cancellation by a Fiscal Agent and the delivery to the Treasurer of any Subordinate Obligations, such Fiscal Agent may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Subordinate Obligations (in the presence of an officer of the Treasurer, if the Treasurer shall so require), and deliver a certificate of such destruction to the Treasurer.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Master Subordinate Resolution or in the Subordinate Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Master Subordinate Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Master Subordinate Resolution, and this Master Subordinate Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board hereby declares that it would have adopted this Master Subordinate Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Subordinate Obligations pursuant thereto irrespective of the fact

that any one or more Sections, paragraphs, sentences, clauses or phrases of this Master Subordinate Resolution may be held illegal, invalid or unenforceable.

Section 11.07. Notice to City and Fiscal Agent. Any notice to or demand upon any Fiscal Agent may be served or presented, and such demand may be made, at the Corporate Trust Office of any such Fiscal Agent. Any notice to or demand upon the City, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the City at Harbor Department of the City of Long Beach, 925 Harbor Plaza Drive, Long Beach, California 90802, Attention: Chief Financial Officer, with a copy to the City Attorney at the same address (or such other addresses as may have been filed in writing by the Board with each Fiscal Agent).

Section 11.08. Evidence of Rights of Holders. Any request, consent or other instrument required or permitted by this Master Subordinate Resolution to be signed and executed by Holders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Holders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Subordinate Obligations transferable by delivery, shall be sufficient for any purpose of this Master Subordinate Resolution and shall be conclusive in favor of the Fiscal Agent for such Series and of the City if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Subordinate Obligations shall be proved by the Subordinate Obligation registration books held by the Fiscal Agent for such Series. The Fiscal Agent of a Series may establish a record date as of which to measure consent of the Holders of such Series in order to determine whether the requisite consents are received.

Except as may be provided in the Supplemental Subordinate Resolution authorizing a Series of Subordinate Obligations, any request, consent, or other instrument or writing of the Owner of any Subordinate Obligation of such Series shall bind every future Owner of the same Subordinate Obligation and the Owner of every Subordinate Obligation issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Fiscal Agent for such Series or the City, acting by and through the Board, in accordance therewith or reliance thereon.

Section 11.09. Disqualified Subordinate Obligations. In determining whether the Holders of the requisite aggregate principal amount of Subordinate Obligations have concurred in any demand, request, direction, consent or waiver under this Master Subordinate Resolution, Subordinate Obligations which are owned or held by or for the account of the City, the Department, or by any other obligor on the Subordinate Obligations, or by any person directly or

indirectly controlling or controlled by, or under direct or indirect common control with, the City, the Department or any other obligor on the Subordinate Obligations, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Subordinate Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Fiscal Agent for such Series the pledgee's right to vote such Subordinate Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City, the Board, the Department or any other obligor on the Subordinate Obligations. In case of a dispute as to such right, any decision by such Fiscal Agent taken upon the advice of counsel shall be full protection to such Fiscal Agent.

Section 11.10. Money Held for Particular Subordinate Obligations. The money held by the Treasurer for the payment of the interest, principal or Redemption Price due on any date with respect to particular Subordinate Obligations (or portions of Subordinate Obligations in the case of registered Subordinate Obligations redeemed in part only) shall, on and after such date and pending such payment, be set aside on the City's books and held in trust by the Treasurer for the Owners of the Subordinate Obligations entitled thereto, subject, however, to the provisions of Section 9.04 hereof.

Section 11.11. Funds and Accounts. Any fund required by this Master Subordinate Resolution to be established and maintained by the Treasurer may be established and maintained in the accounting records of the Treasurer, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Subordinate Obligations and the rights of every holder thereof.

Section 11.12. Authorization for Treasurer to Engage Agents. The Treasurer may from time to time appoint and engage agents as may be appropriate at the time to perform the duties and obligations of the Treasurer to serve as trustee with respect to its obligations to establish and maintain certain funds and accounts (except for the amounts deposited into the Harbor Revenue Fund, but not including amounts deposited in any subfunds created therein) under this Master Subordinate Resolution and any Supplemental Subordinate Resolution. Each agent retained by the Treasurer to perform duties and obligations of the Treasurer under this Master Subordinate Resolution or any Supplemental Subordinate Resolution shall signify its acceptance of such duties and obligations imposed upon it by the Treasurer by a written instrument of acceptance delivered to the Treasurer and agreeing, particularly:

(a) to hold all sums held by it in trust and to deposit such sums in trust accounts until such sums shall be disposed of in accordance with the instructions of the Treasurer;

(b) to keep, or cause to be kept, at all times proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Series of Subordinate Obligations for which such funds and accounts were established pursuant to this Master Subordinate Resolution or any Supplemental

Subordinate Resolution; and such records shall be available for inspection, after reasonable prior notice, by the Treasurer on each Business Day during reasonable business hours and by any Holder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances;

(c) to provide the Treasurer each month a report of any Subordinate Obligation proceeds received during that month, if any, and the amounts deposited into each fund and account held by it as agent to the Treasurer under this Master Subordinate Resolution or any Supplemental Subordinate Resolution and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts and the investments of each such fund and account; and

(d) to annually, within a reasonable period after the end of the Fiscal Year, furnish to the Treasurer and to each Holder who shall have filed his name and address with the agent for such purpose (at such Holder's cost) a statement (which need not be audited) covering receipts, disbursements, allocation and application of Subordinate Obligation proceeds, revenues and any other moneys in any of the funds and accounts held by it as agent to the Treasurer pursuant to this Master Subordinate Resolution or any Supplemental Subordinate Resolution for the preceding Fiscal Year.

Section 11.13. Proceedings Constitute Contract. The provisions of this Master Subordinate Resolution shall constitute a contract between the City, acting by and through the Board, and the Holders of such Subordinate Obligations, and the provisions hereof and thereof shall be enforceable by any Holder for the equal benefit and protection of all Holders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State in any court of competent jurisdiction.

After the issuance and delivery of the Subordinate Obligations of any Series, this Master Subordinate Resolution shall be irrevocable, but shall be subject to modification to the extent and in the manner provided in this Master Subordinate Resolution, but to no greater extent and in no other manner.

Section 11.14. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the Board or the City from making contracts or creating bonded or other indebtedness payable from the general fund of the City, as the case may be, or from taxes or any source other than the Revenue or the Subordinate Revenues, and from and after the sale of the Subordinate Obligations of any Series, the general fund of the City shall not include Revenues or Subordinate Revenues and no contract or other obligation payable from the general fund of the City shall be payable from Revenues or Subordinate Revenues, except as provided herein.

Section 11.15. Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Master Subordinate Resolution.

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

Section 11.16. Waiver of Personal Liability. No council member, officer, agent or employee of the City, the Department, the Board or any Fiscal Agent or the Treasurer shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Subordinate Obligations or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such council member, officer, agent or employee of the City, the Department, the Board or any Fiscal Agent or the Treasurer from the performance of any official duty provided by law or by this Master Subordinate Resolution.

Section 11.17. Governing Law. This Master Subordinate Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 11.18. Business Day. Except as specifically set forth in a Supplemental Subordinate Resolution, any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day and no interest shall accrue for such period.

Section 11.19. Effective Date of Resolution. This Master Supplemental Subordinate Resolution shall take effect immediately upon its adoption by the Board, and the Secretary of the Board shall certify to the vote adopting this Master Subordinate Resolution and shall cause a certified copy of this Master Subordinate Resolution to be filed forthwith with the City Clerk of the City of Long Beach (the “*City Clerk*”). The City Clerk shall post this Master Subordinate Resolution in three conspicuous places in the City.

[Remainder of page intentionally left blank.]

I hereby certify that the foregoing resolution was adopted by the Board of Harbor Commissioners of the City of Long Beach at its meeting of July 15, 2013 by the following vote:

Ayes: Commissioners _____

Noes: Commissioners _____

Absent: Commissioners _____

Not Voting: Commissioners _____

Secretary

Exhibit B

RESOLUTION NO. HD-_____

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF
THE CITY OF LONG BEACH, CALIFORNIA
AUTHORIZING THE ISSUANCE AND/OR INCURRENCE OF
\$78,000,000 AGGREGATE PRINCIPAL AMOUNT OF
SUBORDINATE HARBOR REVENUE REVOLVING
OBLIGATIONS, SERIES A (TAX-EXEMPT) OF SAID CITY;
AND PROVIDING THE TERMS AND CONDITIONS OF SAID OBLIGATIONS**

(FIRST SUPPLEMENTAL SUBORDINATE RESOLUTION)

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RESOLUTION NO. HD-_____

**Resolution of the Board of Harbor Commissioners of
The City of Long Beach, California
Authorizing the Issuance and/or Incurrence of
\$78,000,000 Aggregate Principal Amount
of Subordinate Harbor Revenue Revolving Obligations,
Series A (Tax-Exempt) of Said City; and Providing
the Terms and Conditions of Said Obligations**

(FIRST SUPPLEMENTAL SUBORDINATE RESOLUTION)

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

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

WHEREAS, Section 1725 of Article XVII of said charter provides a procedure for the issuance of short-term revenue certificate obligations by the Board, acting for and on behalf of the City, for harbor purposes; and

WHEREAS, pursuant to Resolution No. HD-_____ adopted by the Board on July 15, 2013 (together with all amendments, modifications and supplements thereto, the “*Master Subordinate Resolution*”), the Board has heretofore authorized the issuance and/or incurrence of Subordinate Obligations (as defined in the Master Subordinate Resolution) on behalf of the City by adoption of supplemental subordinate resolutions from time to time, with the payment of the principal, interest on and any redemption premiums thereon being secured by and payable solely from the Subordinate Revenues (as defined in the Master Subordinate Resolution);

WHEREAS, the Board has determined that it is in the best interest of the City, to have the capacity to issue and/or incur Subordinate Obligations in the form of short-term harbor revenue obligations in order to provide funds to finance and refinance the acquisition, construction, rehabilitation and equipping of facilities at and improvements to the Port (as defined in the Master Subordinate Resolution), to finance certain costs of issuance and for any other financing needs of the Department (as defined in the Master Subordinate Resolution) (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board); and

WHEREAS, public interest and necessity require that the City, acting by and through the Board, issue and/or incur such short-term harbor revenue obligations, from time to time, in the form of “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations,

Series A (Tax-Exempt)” (the “**Series A Subordinate Revolving Obligations**”), which shall be issued and/or incurred in the form of a revolving line of credit to be provided by Bank of America, N.A. (the “**Lender**”);

WHEREAS, the revolving line of credit will be provided to the City, acting by and through the Board, pursuant to a revolving credit agreement (the “**Bank of America Credit Agreement**”) to be entered into by the City, acting by and through the Board, and the Lender, whereby the City, acting by and through the Board, will be allowed to request that the Lender make Loans (as hereinafter defined) to the City, acting by and through the Board, from time to time, in an aggregate principal amount not to exceed \$78,000,000 at any one time outstanding;

WHEREAS, the Loans will be incurred, from time to time, by the City, acting by and through the Board, in accordance with the terms of the Master Subordinate Resolution, this First Supplemental Subordinate Resolution and the Bank of America Credit Agreement;

WHEREAS, the Series A Subordinate Revolving Obligations and the obligations incurred by the City, acting by and through the Board, pursuant to the terms of the Bank of America Credit Agreement (including, but not limited to, the Loans and the Obligations (as hereinafter defined)) shall be Subordinate Obligations secured by, and payable from, Subordinate Revenues and such other funds and accounts as provided in the Master Subordinate Resolution and this First Supplemental Subordinate Resolution and will be evidenced by a promissory note (the “**Note**”); and

WHEREAS, interest paid by the City, acting by and through the Board, on the Loans may will be excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the “**Code**”); and

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

- (a) a form of the Bank of America Credit Agreement;
- (b) form of the Note (which is attached to the Bank of America Credit Agreement as Exhibit A thereto);
- (c) a form of the Fee Letter Agreement (the “**Fee Letter**”), by and between the City, acting by and through the Board, and the Lender; and
- (d) a form of the Fiscal Agent Agreement (the “**Fiscal Agent Agreement**”), by and between the City, acting by and through the Board, and U.S. Bank National Association, as fiscal agent (the “**Fiscal Agent**”);

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

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. First Supplemental Subordinate Resolution; Determinations. This First Supplemental Subordinate Resolution is hereby adopted in accordance with the provisions of the Master Subordinate Resolution. The Board hereby determines that the issuance and/or incurrence of the Series A Subordinate Revolving Obligations and the Note, in the principal amount hereinafter authorized, for the purposes of financing and refinancing the acquisition, construction, rehabilitation and equipping of facilities at and improvements to the Port, financing certain costs of issuance and for any other financing needs of the Department (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), is advisable from an economic and financial viewpoint.

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

“Account” means an account established within a fund related to a Loan.

“AMT Project” means any undertaking, facility or item which is described in a Certificate provided by the Board at the time of delivery of a [Request for Loan] and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Series A Subordinate Revolving Obligations and which project generally satisfies the requirements of Section 142 of the Code and of the Tax Compliance Certificate for an AMT Project.

“Authorized Amount” means the aggregate principal amount of \$78,000,000.

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

“Bank of America Credit Agreement” means the Revolving Credit Agreement, dated as of [] 1, 2013, by and between the Board, acting on behalf of the City, and the Lender, and any and all modifications, alterations, amendments and supplements thereto.

“Chief Financial Officer” means the person at a given time who is the chief financial officer of the Department (including any person serving in an acting or interim capacity) or such

other title as the Board may from time to time assign for such position and the officer of officers succeeding to such position as certified by the Board.

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

[“*Commitment*” has the meaning given to such term in the Bank of America Credit Agreement.]

“*Commitment Expiration Date*” has the meaning given to such term in the Bank of America Credit Agreement.

“*Consultant*” means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial advisory or investment banking firm, or other expert recognized to be well qualified for work of the character required and retained by the City, acting by and through the Board, to perform acts and carry out the duties provided for such consultant in the Master Subordinate Resolution or this First Supplemental Subordinate Resolution.

“*Costs*” or “*Costs of a Project*” means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the City, the Department or a Consultant; (d) costs of the City and/or the Department properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Subordinate Obligations (including Costs of Issuance related to the Project), costs of credit facilities, liquidity facilities, capitalized interest, debt service reserve fund, if any, Fiscal Agent fees and expenses and trustee fees and expenses; and (f) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the City and/or the Department.

[“*Credit Agreement Event of Default*” means any event or circumstance specified in Section [] of the Bank of America Credit Agreement.]

“*Default*” has the meaning given to such term in the Bank of America Credit Agreement.

“*Designated Representative*” means those individuals appointed as Designated Representatives pursuant to Section 7.02 hereof and any other resolution of the Board to

complete and deliver a [Request for Loan] and to perform such other duties set forth in the Bank of America Credit Agreement and this Second Supplemental Subordinate Agreement.

“Effective Date” has the meaning given to such term in the Bank of America Credit Agreement.

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

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

“First Supplemental Subordinate Resolution” means this Resolution No. HD-_____, adopted by the Board on July 15, 2013, and any amendments, modifications or supplements hereto.

“Fiscal Agent” means U.S. Bank National Association, and any successor appointed in accordance with Article VII of the Master Subordinate Resolution and [Section 4.10] of the Fiscal Agent Agreement.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement, dated as of [____] 1, 2013, by and between the City, acting by and through the Board, and the Fiscal Agent.

“Independent” means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the City, the Board or the Department, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the City, the Board or the Department as an official, officer or employee.

“Lender” means Bank of America, N.A. and its successors and assigns.

“Loan” has the meaning given to such term in the Bank of America Credit Agreement.

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

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

[*“Maturity Date”* has the meaning given to such term in the Bank of America Credit Agreement.]

“*New Issue*” means the issuance of a Series A Subordinate Revolving Obligation the proceeds of which are to be used to finance the Costs of a Project and/or other financing needs of the Department.

“*Non-AMT Project*” means any undertaking, facility or item which is described in a Certificate provided by the Board at the time of delivery of a [Request for Loan] and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Series A Subordinate Revolving Obligations and which project generally satisfies the requirements of Section 141 of the Code and of the Tax Compliance Certificate for a Non-AMT Project.

“*Note*” has the meaning given to such term in the Bank of America Credit Agreement. The Note constitutes a Subordinate Obligation under the Master Subordinate Resolution.

“*Obligations*” has the meaning given to such term in the Bank of America Credit Agreement. The Obligations constitute Subordinate Obligations under the Master Subordinate Resolution.

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

“*Project*” means an AMT Project or a Non-AMT Project.

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

“*Reimbursement Obligations*” has the meaning given to such term in the Bank of America Credit Agreement.

[“*Request for Loan*” has the meaning given to such term in the Bank of America Credit Agreement.]

[“*Revolving Loan*” has the meaning given to such term in the Bank of America Credit Agreement.]

“*Series A Project Fund*” means the fund of such designation established pursuant to Section 3.01(a) hereof and into which money is to be deposited to pay Costs of a Project and/or for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the City, acting by and through the Board).

“*Series A Rebate Fund*” means the fund of such designation established pursuant to Section 3.04 hereof.

“*Series A Subordinate Revolving Obligations*” means (a) a Loan, (b) the Note, and/or (c) any other Subordinate Obligation authorized to be issued and/or incurred pursuant to the terms

hereof and the terms of the Bank of America Credit Agreement, the interest on which is not included in the gross income of the holder of such Subordinate Obligation for federal income tax purposes.

“*Subaccount*” means a subaccount established within an Account related to a Loan.

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

“*Tax Compliance Certificate*” means, collectively, the Tax Compliance Certificate executed and delivered by the City, acting by and through the Board, on or prior to the date of the issuance of the initial Series A Subordinate Revolving Obligations, as the same may be amended or supplemented in accordance with its terms, relating to the requirements of Section 103 and Sections 141 through 150 of the Code.

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

ARTICLE II

THE SERIES A SUBORDINATE REVOLVING OBLIGATIONS

Section 2.01. Authorization to Issue and/or Incur Series A Subordinate Revolving Obligations; Terms and Description of Series A Subordinate Revolving Obligations.

(a) The Board hereby determines that the issuance and/or incurrence, from time to time, of the Series A Subordinate Revolving Obligations in the form of Loans and the Note for the purposes of financing and refinancing the acquisition, construction, rehabilitation and equipping of Projects, financing certain Costs of Issuance and for any other financing needs of the Department (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board) is advisable from an economic and financial viewpoint. The Board hereby authorizes (a) the issuance and/or incurrence, from time to time, of the Series A Subordinate Revolving Obligations pursuant to the terms of the Subordinate Resolution in the form of Loans and the Note for the purposes of financing and refinancing the acquisition, construction, rehabilitation and equipping of Projects, financing certain costs of issuance and for any other financing needs of the Department (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), subject to the provisions of the Bank of America Credit Agreement, Article II hereof and as hereinafter provided, provided that the aggregate principal amount of all Series A Subordinate Revolving Obligations outstanding at any one time shall not exceed \$78,000,000, and (b) incurrence of the Obligations.

(b) The Series A Subordinate Revolving Obligations shall be the first Series of Subordinate Obligations created under the Master Subordinate Resolution, shall be issued and/or incurred pursuant to the Law and under the Subordinate Resolution, and

shall be designated as the "City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series A (Tax-Exempt)." The Series A Subordinate Revolving Obligations shall be issued and/or incurred as and shall constitute Subordinate Obligations pursuant to Article III of the Master Subordinate Resolution.

The Series A Subordinate Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of Projects or such other purposes as allowed by the Law and/or the Subordinate Resolution. Such authorization specifically includes the authorization to issue and/or incur Series A Subordinate Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Series A Subordinate Revolving Obligations provided that at no time may the aggregate principal amount of Series A Subordinate Revolving Obligations exceed the lesser of the Authorized Amount or the Commitment. The Commitment may be modified in accordance with the terms of the Bank of America Credit Agreement, provided, however, that in no event shall the Commitment exceed the Authorized Amount.

(c) Prior to the incurrence of a Loan, a properly presented and conforming [Request for Loan] shall be delivered to the Lender by a Designated Representative and all conditions precedent set forth in Section [] of the Bank of America Credit Agreement shall be satisfied.

(d) Pursuant to the provisions of Section 3.01 of the Master Subordinate Resolution, the Board hereby elects to provide for additional terms and conditions of the Series A Subordinate Revolving Obligations (including, but not limited to, the items listed in clauses (c), (d), (e), (g) (j) (k) and (l) in the second paragraph of Section 3.01 of the Master Subordinate Resolution) in the Bank of America Credit Agreement. All of the terms and conditions of the Series A Subordinate Revolving Obligations shall be governed by the terms and provisions of the Subordinate Resolution and the Bank of America Credit Agreement. Series A Subordinate Revolving Obligations shall be issued and/or incurred in accordance with the terms of the Master Subordinate Resolution, this First Supplemental Subordinate Resolution and the Bank of America Credit Agreement.

(e) The Series A Subordinate Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence in the amount and in the manner determined under the Bank of America Credit Agreement and shall be payable on the dates set forth in the Bank of America Credit Agreement.

(f) The Series A Subordinate Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(g) The Series A Subordinate Revolving Obligations shall be subject to prepayment, acceleration, mandatory tender and purchase, mandatory prepayment and mandatory redemption prior to maturity in the amounts, at the times and in the manner set forth in the Bank of America Credit Agreement.

(h) No Series A Subordinate Revolving Obligations may be issued and/or incurred under the Master Subordinate Resolution, this First Supplemental Subordinate Resolution and the Bank of America Credit Agreement if a Default and/or Credit Agreement Event of Default has occurred and is continuing.

(i) On the Effective Date, the City, acting by and through the Board, will issue the Note in order to evidence the obligation of the City, acting by and through the Board, to repay the Lender for any Loans under the Bank of America Credit Agreement, together with interest thereon, from time to time at the rates and dates and times established in accordance with the Bank of America Credit Agreement. Principal on each Loan as reflected in the Note shall be payable on the applicable Maturity Date(s), subject to any prepayment, acceleration, mandatory tender and purchase, mandatory prepayment or mandatory redemption of each Loan.

(j) No Series A Subordinate Revolving Obligations may be issued and/or incurred under the provisions of this First Supplemental Subordinate Resolution except in accordance with this Article and the Bank of America Credit Agreement.

Section 2.02. Payment of Series A Subordinate Revolving Obligations. The City, acting by and through the Board, as provided in Section 6.02 of the Master Subordinate Resolution, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Revenues and to the extent thereof the principal of and interest on every Series A Subordinate Revolving Obligation. The Treasurer will make all payments of principal of and interest on the Series A Subordinate Revolving Obligations directly to the Fiscal Agent in immediately available funds no later than two (2) Business Days preceding the date payment is due on any Series A Subordinate Revolving Obligation. The Fiscal Agent shall then make the payments of principal of and interest on the Series A Subordinate Revolving Obligations directly to the Lender in accordance with the provisions of the Fiscal Agent Agreement. The principal of and the interest on the Series A Subordinate Revolving Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Resolution to the contrary, no presentation or surrender of any Note or Series A Subordinate Revolving Obligation shall be required for any payment of principal of or interest on any Series A Subordinate Revolving Obligation.

The City, acting by and through the Board, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Revenues and to the extent thereof the Obligations (not otherwise paid in accordance with the previous paragraph). The Treasurer shall pay all Obligations (other than the Reimbursement Obligations which shall be payable by the Fiscal Agent as described in the previous paragraph) directly to the Lender in accordance with the provisions of the Bank of America Credit Agreement. Such Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Resolution to the contrary, no presentation or surrender of any Note or Series A Subordinate Revolving Obligation shall be required for any payment of the Obligations.

Section 2.03. Use of Series A Subordinate Revolving Obligation Proceeds. Series A Subordinate Revolving Obligations shall be issued hereunder to pay Costs of Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the City, acting by and through the Board).

On or prior to the date of each New Issue of Series A Subordinate Revolving Obligations, the City, acting by and through the Board, shall have obtained an Opinion of Bond Counsel, addressed to the Board, the City and the Lender, to the effect that the interest on such Series A Subordinate Revolving Obligations is excluded from gross income for federal income tax purposes, except for interest on any Series A Subordinate Revolving Obligation issued and/or incurred to finance or refinance the Costs of an AMT Project for any period during which such Series A Subordinate Revolving Obligation is held by a “substantial user” of the facilities financed or refinanced by such Series A Subordinate Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code and, if such Series A Subordinate Revolving Obligation are to be issued and/or incurred to finance or refinance the Costs of a Non-AMT Project, that the interest on such Series A Subordinate Revolving Obligations is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

ARTICLE III

ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF SERIES A SUBORDINATE REVOLVING OBLIGATION PROCEEDS

Section 3.01. Establishment of Series A Project Fund. The Treasurer shall establish, maintain and hold in trust a separate fund designated as the “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series A (Tax-Exempt) Project Fund” (the “*Series A Project Fund*”). Within the Series A Project Fund, the Treasurer shall establish, maintain and hold in trust an AMT Project Account and a Non-AMT Project Account. The Treasurer shall establish within each AMT Project Account and Non-AMT Project Account a separate Subaccount for each Revolving Loan to the extent proceeds of such Revolving Loan are to be deposited in the AMT Project Account or Non-AMT Project Account.

Section 3.02. Deposit of Proceeds of Series A Subordinate Revolving Obligations. Except as otherwise provided in the following sentence, upon receipt from the Lender, the City, acting by and through the Board, shall transfer or cause to be transferred the proceeds from each Revolving Loan to the Treasurer immediately upon receipt thereof. The proceeds from each Revolving Loan shall be applied by (a) the Treasurer, at the direction of an Authorized Board Representative, for deposit into the Series A Project Fund (and the appropriate Account and/or Subaccount of the Series A Project Fund), and expended therefor in accordance with the provisions of Section 3.03 hereof, and/or (b) the City, acting by and through the Board, for such other purposes as allowed by the Law and/or the Subordinate Resolution.

Section 3.03. Application of Moneys in the Series A Project Fund.

(a) The moneys in the Series A Project Fund shall be held by the Treasurer in trust and applied to the Costs of a Project and the expenses incident thereto or connected therewith, including, if necessary, reimbursement to the Board for expenses incurred prior to the receipt of the applicable Revolving Loan.

(b) Except as provided in this Section 3.03, (i) moneys deposited in the AMT Project Account of the Series A Project Fund shall be withdrawn from time to time as directed in writing by an Authorized Board Representative solely to pay the Costs of AMT Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), and (ii) moneys deposited in the Non-AMT Project Account of the Series A Project Fund shall be withdrawn from time to time as directed in writing by an Authorized Board Representative solely to pay the Costs of Non-AMT Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board).

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

(d) Moneys held in the Series A Project Fund shall be invested and reinvested by the Treasurer in Investment Securities. Earnings on the Series A Project Fund shall be retained in the Series A Project Fund and utilized to pay for the applicable Project or for other lawful uses, provided the Board first obtains an Opinion of Bond Counsel to the effect that the Board's intended use of such balance is a lawful purpose for which such proceeds may be used under the Law, and such use will not adversely affect the exclusion of interest on the Series A Subordinate Revolving Obligations from gross income for federal income tax purposes, except that such exclusion will not apply with respect to interest on any Series A Subordinate Revolving Obligation issued and/or incurred to finance or refinance the Costs of an AMT Project for any period during which such Series A Subordinate Revolving Obligation is held by a "substantial user" of the facilities financed or refinanced by such Series A Subordinate Revolving Obligations or a "related person" within the meaning of Section 147(a) of the Code.

(e) The completion of a Project shall be evidenced by the filing with the Treasurer of a certificate of an Authorized Board Representative stating either (A) the date of completion of the Project and the amount, if any, required in the opinion of such Authorized Board Representative for the payment of any remaining part of the Costs of the Project or (B) that all amounts in the applicable Account of the Series A Project Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account of the Series A Project Fund following the delivery

of such certificate, or upon the determination of the Board not to proceed with the applicable Project, may, at the determination of the Board, be applied upon written requisition of an Authorized Board Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Law. As a condition to the disbursement of funds under the provisions of the prior sentence, the Board shall first obtain an Opinion of Bond Counsel to the effect that the Board's intended use of such balance is a lawful purpose for which such proceeds may be used under the Law, and such use will not adversely affect the exclusion of interest on the Series A Subordinate Revolving Obligations from gross income for federal income tax purposes, except that such exclusion will not apply with respect to interest on any Series A Subordinate Revolving Obligation issued and/or incurred to finance or refinance the Costs of an AMT Project for any period during which such Series A Subordinate Revolving Obligation is held by a "substantial user" of the facilities financed or refinanced by such Series A Subordinate Revolving Obligations or a "related person" within the meaning of Section 147(a) of the Code.

Section 3.04. Establishment and Maintenance of Series A Rebate Fund.

(a) The Treasurer shall establish, maintain and hold a fund separate from any other fund established and maintained hereunder or under the Master Subordinate Resolution designated as the "City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series A (Tax-Exempt) Rebate Fund" (the "***Series A Rebate Fund***"). Within the Series A Rebate Fund, the Treasurer shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the Tax Compliance Certificate. All money at any time deposited in the Series A Rebate Fund shall be held by the Treasurer for the account of the City, acting by and through the Board, in trust, to the extent required to satisfy the applicable Rebate Requirements, for payment to the federal government of the United States of America, and none of the City, the Board, the Department or the Lender (or any other holder of the Series A Subordinate Revolving Obligations) shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Series A Rebate Fund shall be governed by this First Supplemental Subordinate Resolution and by the Tax Compliance Certificate (which is incorporated herein by reference). The City, acting by and through the Board, hereby covenants to comply with the directions contained in the Tax Compliance Certificate.

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

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

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

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

ARTICLE IV

PLEDGE AND PAYMENT

The Series A Subordinate Revolving Obligations and the Obligations are Subordinate Obligations and, as such, are special limited obligations of the City, acting by and through the Board, secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Subordinate Resolution.

The City, acting by and through the Board, hereby pledges, places a lien upon and assigns Subordinate Revenues to secure the payment of the principal of and interest on the Series A Subordinate Revolving Obligations and any Obligations in accordance with their terms, including the terms of the Bank of America Credit Agreement. The Subordinate Revenues constitute a trust fund for the security and payment of the interest on and principal of the Series A Subordinate Revolving Obligations, the Obligations and all other Subordinate Obligations, and the Lender, as holder of the Series A Subordinate Revolving Obligations and the payee of the Obligations and the holders from time to time of the other Subordinate Obligations and any other future parity Subordinate Obligations, shall share *pari passu* without priority or distinction of one over the other in the Subordinate Revenues.

To provide additional security for the payment of the principal of and interest on the Series A Subordinate Revolving Obligations and the Obligations as the same shall become due and payable, the City, acting by and through the Board, hereby pledges and grants a lien upon, subject only to the provisions of this First Supplemental Subordinate Resolution and the Tax Compliance Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Series A Subordinate Revolving Obligations and Obligations by the Treasurer in the Subordinate Debt Service Fund, (b) amounts held for the payment of such Series A Subordinate Revolving Obligations and Obligations by the Treasurer in the Series A Project Fund, (c) the proceeds of any other evidences of indebtedness of the City, acting by and through the Board, issued or incurred solely for the payment of the principal of and interest on such Series A Subordinate Revolving Obligations and the Obligations, and (d) any other moneys of the Board, the Department or the City hereafter pledged by the City, acting by and through the Board, to the payment of the principal of and interest on the Series A Subordinate Revolving Obligations and the Obligations.

ARTICLE V

TAX COVENANTS

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series A Subordinate Revolving Obligations, the Board hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the Board agrees to execute, deliver and comply with the provisions of the Tax Compliance Certificate. An Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Tax Compliance Certificate including counterparts thereof, in the name City, acting by and through the Board. The Tax Compliance Certificate shall contain such terms, provisions, representations and covenants as shall be required in order to assure that interest paid on the Series A Subordinate Revolving Obligations will not be included in gross income for federal income tax purposes (except for any interest paid on any Series A Subordinate Revolving Obligations issued and/or incurred to finance or refinance an AMT Project held by a "substantial user" or "related party" to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed and refinanced by such Series A Subordinate Revolving Obligations). From and after the execution and delivery of the Tax Compliance Certificate, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Tax Compliance Certificate.

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

The Board and the Department shall at all times do and perform all acts and things permitted by law and the Subordinate Resolution which are necessary or desirable in order to assure that interest paid on the Series A Subordinate Revolving Obligations will not be included

in gross income for federal income tax purposes (except for any interest paid on any Series A Subordinate Revolving Obligations issued and/or incurred to finance or refinance an AMT Project held by a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed and refinanced by such Series A Subordinate Revolving Obligations) and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

Notwithstanding any provision of Section 3.04 hereof or this Article to the contrary, if the Board shall receive an Opinion of Bond Counsel to the effect that any action required under Section 3.04 hereof and/or this Article is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Series A Subordinate Revolving Obligations pursuant to Section 103 of the Code, the Board and the Treasurer may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

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

ARTICLE VI

APPROVAL OF BANK OF AMERICA CREDIT AGREEMENT, FEE LETTER, NOTE, FISCAL AGENT AND FISCAL AGENT AGREEMENT

Section 6.01. Approval of Bank of America Credit Agreement, the Fee Letter and the Note. The form, terms and provisions of the Bank of America Credit Agreement, the Fee Letter and the Note are in all respects approved, and an Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Bank of America Credit Agreement, the Fee Letter and the Note including counterparts thereof, in the name and on behalf of the City, acting by and through the Board. The Bank of America Credit Agreement, the Fee Letter and the Note, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the Authorized Board Representative executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the form of the Bank of America Credit Agreement, the Fee Letter and the Note now before this meeting; and from and after the execution and delivery of the Bank of America Credit Agreement, the Fee Letter and the Note, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bank of America Credit Agreement, the Fee Letter and the Note.

Section 6.02. Approval of Fiscal Agent and Fiscal Agent Agreement. U.S. Bank National Association is hereby appointed as Fiscal Agent with respect to the Series A Subordinate Revolving Obligations. The Fiscal Agent shall signify its acceptance of its duties hereunder by executing and delivering to the City, acting by and through the Board, a written acceptance in the form of the Fiscal Agent Agreement, in which the Fiscal Agent agrees to perform said duties and obligations as set forth in the Master Subordinate Resolution and this

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

ARTICLE VII

ADDITIONAL AUTHORIZATIONS; DESIGNATED REPRESENTATIVES

Section 7.01. Additional Authorizations. Each Authorized Board Representative and all officers, agents and employees of the Board and the Department, for and on behalf of the City, acting by and through the Board, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Series A Subordinate Revolving Obligations (including the Loans and the Note), the Fiscal Agent Agreement, the Bank of America Credit Agreement and the Fee Letter and to carry out the terms thereof. Each Authorized Board Representative and all other officers, agents and other employees of the Board and the Department are further authorized and directed, for and on behalf of the City, acting by and through the Board, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this First Supplemental Subordinate Resolution, the Master Subordinate Resolution, the Bank of America Credit Agreement and the Fee Letter or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing Department staff to pay costs of issuance of implementing and obtaining the Bank of America Credit Agreement and fees and costs of the Lender, authorizing the investment of the proceeds of the Loans in one or more of the Investment Securities, and authorizing the execution by an Authorized Board Representative, or any one of them, of one or more tax compliance certificates as required by this First Supplemental Subordinate Resolution and the Bank of America Credit Agreement for the purpose of complying with the rebate requirements of the Code. All actions heretofore taken by the officers, agents and employees of the Board and the Department in furtherance of this First Supplemental Subordinate Resolution are hereby confirmed, ratified and approved.

Section 7.02. Designated Representatives. The President of the Board, the Vice President of the Board, the Executive Director, the Managing Director-Finance and Administration, the Chief Financial Officer and such other officer or employee of the Board or the Department designated by the Board, are each appointed as Designated Representatives under the terms of this First Supplemental Subordinate Resolution and the Bank of America Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in this First Supplemental Subordinate

Resolution, the Bank of America Credit Agreement and the Note including, without limitation, the execution of a [Request for Loan] (as described in the Bank of America Credit Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with the issuance and/or incurrence of Revolving Loans and Term Loans as and when required in this First Supplemental Subordinate Resolution, the Bank of America Credit Agreement and the Note and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of this First Supplemental Subordinate Resolution, the Bank of America Credit Agreement and the Note.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Approval of the City. The Board hereby requests the City Council to approve the issuance and/or incurrence, from time to time, of the Series A Subordinate Revolving Obligations pursuant to the Master Subordinate Resolution, this First Supplemental Subordinate Resolution and the Bank of America Credit Agreement.

Section 8.02. Series A Subordinate Revolving Obligations Subject to the Master Subordinate Resolution. The Series A Subordinate Revolving Obligations (including the Loans and the Note) are and will be issued and/or incurred under and subject to the terms of the Master Subordinate Resolution and will be secured and payable from Subordinate Revenues and other security as provided for in the Master Subordinate Resolution and this First Supplemental Subordinate Resolution. Except as expressly provided in this First Supplemental Subordinate Resolution, every term and condition contained in the Master Subordinate Resolution shall apply to this First Supplemental Subordinate Resolution and to the Series A Subordinate Revolving Obligations (including the Loans and the Note) with the same force and effect as if it were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this First Supplemental Subordinate Resolution.

Section 8.03. Obligations Afforded Status of Subordinate Obligations. Obligations (as defined in the Bank of America Credit Agreement) owed by the City, acting by and through the Board, to the Lender shall be afforded the status of a Subordinate Obligation and the Lender shall be the Holder of such Subordinate Obligation subject to the payment terms established in the Bank of America Credit Agreement, the Note and the Fee Letter. The Obligations shall be payable from amounts on deposit in the Interest Account of the Subordinate Debt Service Fund as provided for in Section 5.04(a) of the Master Subordinate Resolution, except that amounts representing principal of the Series A Subordinate Revolving Obligations shall be payable from the Principal Account of the Subordinate Debt Service Fund as provided for in Section 5.04(b) of the Master Subordinate Resolution.

Section 8.04. Additional Event of Default and Remedies.

(a) As permitted by Sections 10.01(f) and 10.10 of the Master Subordinate Resolution, there is hereby provided an additional Event of Default:

“A Credit Agreement Event of Default shall be an Event of Default under Section 10.01 of the Master Subordinate Resolution with respect to the Series A Subordinate Revolving Obligations.”

(b) As permitted by Sections 10.02(a)(v) and 10.10 of the Master Subordinate Resolution, there are hereby provided additional remedies upon the occurrence and continuance of any Event of Default:

“The remedies provided for in the Bank of America Credit Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Lender under Section 10.02 of the Master Subordinate Resolution with respect to the Series A Subordinate Revolving Obligations.”

Section 8.05. Excluded Principal Payments and Variable Rate Indebtedness. The Board hereby determines that (a) the principal of the Series A Subordinate Revolving Obligations shall be Excluded Principal Payments, and (b) the Series A Subordinate Revolving Obligations shall be treated as Variable Rate Indebtedness.

Section 8.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this First Supplemental Subordinate Resolution or in the Series A Subordinate Revolving Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this First Supplemental Subordinate Resolution or in the Series A Subordinate Revolving Obligations, as applicable, and such invalidity, illegality or unenforceability shall not affect any other provision of this First Supplemental Subordinate Resolution or the Series A Subordinate Revolving Obligations, as applicable, and this First Supplemental Subordinate Resolution and the Series A Subordinate Revolving Obligations, as applicable, shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board hereby declares that it would have adopted this First Supplemental Subordinate Resolution and each and every other Article, Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series A Subordinate Revolving Obligations pursuant thereto irrespective of the fact that any one or more Articles, Sections, paragraphs, sentences, clauses or phrases of this First Supplemental Subordinate Resolution may be held illegal, invalid or unenforceable.

Section 8.07. Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this First Supplemental Subordinate Resolution.

All references herein to “Article,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this First Supplemental Subordinate

Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this First Supplemental Subordinate Resolution as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 8.08. Governing Law. This First Supplemental Subordinate Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 8.09. Effective Date of Resolution. This First Supplemental Subordinate Resolution shall take effect immediately upon its adoption by the Board, and the Secretary of the Board shall certify to the vote adopting this First Supplemental Subordinate Resolution and shall cause a certified copy of this First Supplemental Subordinate Resolution to be filed forthwith with the City Clerk of the City of Long Beach (the “**City Clerk**”). The City Clerk shall post this First Supplemental Subordinate Resolution in three conspicuous places in the City.

[Remainder of page intentionally left blank.]

I hereby certify that the foregoing resolution was adopted by the Board of Harbor Commissioners of the City of Long Beach at its meeting of July 15, 2013 by the following vote:

Ayes:	Commissioners	_____

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

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

Exhibit C

RESOLUTION NO. HD-_____

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF
THE CITY OF LONG BEACH, CALIFORNIA
AUTHORIZING THE ISSUANCE AND/OR INCURRENCE OF
\$122,000,000 AGGREGATE PRINCIPAL AMOUNT OF
SUBORDINATE HARBOR REVENUE REVOLVING OBLIGATIONS,
SERIES B (TAX-EXEMPT) AND SERIES C (TAXABLE) OF SAID CITY;
AND PROVIDING THE TERMS AND CONDITIONS OF SAID OBLIGATIONS**

(SECOND SUPPLEMENTAL SUBORDINATE RESOLUTION)

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RESOLUTION NO. HD-_____

**Resolution of the Board of Harbor Commissioners of
The City of Long Beach, California
Authorizing the Issuance and/or Incurrence of
\$122,000,000 Aggregate Principal Amount
of Subordinate Harbor Revenue Revolving Obligations,
Series B (Tax-Exempt) and Series C (Taxable) of Said
City; and Providing the Terms and Conditions of Said Obligations**

(SECOND SUPPLEMENTAL SUBORDINATE RESOLUTION)

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

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

WHEREAS, Section 1725 of Article XVII of said charter provides a procedure for the issuance of short-term revenue certificate obligations by the Board, acting for and on behalf of the City, for harbor purposes; and

WHEREAS, pursuant to Resolution No. HD-_____ adopted by the Board on July 15, 2013 (together with all amendments, modifications and supplements thereto, the “*Master Subordinate Resolution*”), the Board has heretofore authorized the issuance and/or incurrence of Subordinate Obligations (as defined in the Master Subordinate Resolution) on behalf of the City by adoption of supplemental subordinate resolutions from time to time, with the payment of the principal, interest on and any redemption premiums thereon being secured by and payable solely from the Subordinate Revenues (as defined in the Master Subordinate Resolution);

WHEREAS, the Board has determined that it is in the best interest of the City, to have the capacity to issue and/or incur Subordinate Obligations in the form of short-term harbor revenue obligations in order to provide funds to finance and refinance the acquisition, construction, rehabilitation and equipping of facilities at and improvements to the Port (as defined in the Master Subordinate Resolution), to finance certain costs of issuance and for any other financing needs of the Department (as defined in the Master Subordinate Resolution) (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board); and

WHEREAS, public interest and necessity require that the City, acting by and through the Board, issue and/or incur such short-term harbor revenue obligations, from time to time, in the form of “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations,

Series B (Tax-Exempt)” (the “**Series B Subordinate Revolving Obligations**”) and “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series C (Taxable)” (the “**Series C Subordinate Revolving Obligations**,” and together with the Series B Revolving Obligations, the “**Series B/C Subordinate Revolving Obligations**”), which shall be issued and/or incurred in the form of a revolving line of credit to be provided by Union Bank, N.A. (the “**Lender**”);

WHEREAS, the revolving line of credit will be provided to the City, acting by and through the Board, pursuant to a revolving credit agreement (the “**Union Bank Credit Agreement**”) to be entered into by the City, acting by and through the Board, and the Lender, whereby the City, acting by and through the Board, will be allowed to request that the Lender make Loans (as hereinafter defined) to the City, acting by and through the Board, from time to time, in an aggregate principal amount not to exceed \$122,000,000 at any one time outstanding;

WHEREAS, the Loans, in the form of Revolving Loans (as hereinafter defined) and Term Loans (as hereinafter defined), will be incurred, from time to time, by the City, acting by and through the Board, in accordance with the terms of the Master Subordinate Resolution, this Second Supplemental Subordinate Resolution and the Union Bank Credit Agreement;

WHEREAS, the Series B/C Subordinate Revolving Obligations and the obligations incurred by the City, acting by and through the Board, pursuant to the terms of the Union Bank Credit Agreement (including, but not limited to, the Revolving Loans, the Term Loans, and the Obligations (as hereinafter defined)) shall be Subordinate Obligations secured by, and payable from, Subordinate Revenues and such other funds and accounts as provided in the Master Subordinate Resolution and this Second Supplemental Subordinate Resolution and will be evidenced by one or more promissory notes (the “**Notes**”); and

WHEREAS, interest paid by the City, acting by and through the Board, on the Revolving Loans and the Term Loans may be (i) excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the “**Code**”) or (ii) included in the gross income of the recipients thereof under the Code; and

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

- (a) a form of the Union Bank Credit Agreement;
- (b) forms of the Notes (which are attached to the Union Bank Credit Agreement as [Exhibits A-1 and A-2] thereto);
- (c) a form of the Fee Letter Agreement (the “**Fee Letter**”), by and between the City, acting by and through the Board, and the Lender; and
- (d) a form of the Fiscal Agent Agreement (the “**Fiscal Agent Agreement**”), by and between the City, acting by and through the Board, and U.S. Bank National Association, as fiscal agent (the “**Fiscal Agent**”);

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

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Second Supplemental Subordinate Resolution; Determinations. This Second Supplemental Subordinate Resolution is hereby adopted in accordance with the provisions of the Master Subordinate Resolution. The Board hereby determines that the issuance and/or incurrence of the Series B/C Subordinate Revolving Obligations and the Notes, in the principal amount hereinafter authorized, for the purposes of financing and refinancing the acquisition, construction, rehabilitation and equipping of facilities at and improvements to the Port, financing certain costs of issuance and for any other financing needs of the Department (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), is advisable from an economic and financial viewpoint.

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

“Account” means an account established within a fund related to a Loan.

[*“Amortization End Date”* has the meaning given to such term in the Union Bank Credit Agreement.]

“AMT Project” means any undertaking, facility or item which is described in a Certificate provided by the Board at the time of delivery of a [Request for Loan] and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Series B Subordinate Revolving Obligations and which project generally satisfies the requirements of Section 142 of the Code and of the Tax Compliance Certificate for an AMT Project.

“Authorized Amount” means the aggregate principal amount of \$122,000,000.

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

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

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

[*“Commitment”* has the meaning given to such term in the Union Bank Credit Agreement.]

“Commitment Expiration Date” has the meaning given to such term in the Union Bank Credit Agreement.

“Consultant” means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial advisory or investment banking firm, or other expert recognized to be well qualified for work of the character required and retained by the City, acting by and through the Board, to perform acts and carry out the duties provided for such consultant in the Master Subordinate Resolution or this Second Supplemental Subordinate Resolution.

“Costs” or *“Costs of a Project”* means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the City, the Department or a Consultant; (d) costs of the City and/or the Department properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Subordinate Obligations (including Costs of Issuance related to the Project), costs of credit facilities, liquidity facilities, capitalized interest, debt service reserve fund, if any, Fiscal Agent fees and expenses and trustee fees and expenses; and (f) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the City and/or the Department.

[*“Credit Agreement Event of Default”* means any event or circumstance specified in Section [] of the Union Bank Credit Agreement.]

“Default” has the meaning given to such term in the Union Bank Credit Agreement.

“Designated Representative” means those individuals appointed as Designated Representatives pursuant to Section 7.02 hereof and any other resolution of the Board to complete and deliver a [Request for Loan] and to perform such other duties set forth in the Union Bank Credit Agreement and this Second Supplemental Subordinate Agreement.

“Effective Date” has the meaning given to such term in the Union Bank Credit Agreement.

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

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

“Fiscal Agent” means U.S. Bank National Association, and any successor appointed in accordance with Article VII of the Master Subordinate Resolution and [Section 4.10] of the Fiscal Agent Agreement.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement, dated as of [] 1, 2013, by and between the City, acting by and through the Board, and the Fiscal Agent.

“Independent” means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the City, the Board or the Department, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the City, the Board or the Department as an official, officer or employee.

“Lender” means Union Bank, N.A. and its successors and assigns.

“Loan” has the meaning given to such term in the Union Bank Credit Agreement.

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

“Master Subordinate Resolution” has the meaning given thereto in the third recital paragraph of this Second Supplemental Subordinate Resolution.

“Maturity Date” means, (a) [with respect to any Revolving Loan, the Revolving Loan Maturity Date, and (b) with respect to any Term Loan, the Amortization End Date.]

“*New Issue*” means the issuance of a Series B Subordinate Revolving Obligation or a Series C Subordinate Revolving Obligation the proceeds of which are to be used to finance the Costs of a Project and/or other financing needs of the Department.

“*Non-AMT Project*” means any undertaking, facility or item which is described in a Certificate provided by the Board at the time of delivery of a [Request for Loan] and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Series B Subordinate Revolving Obligations and which project generally satisfies the requirements of Section 141 of the Code and of the Tax Compliance Certificate for a Non-AMT Project.

“*Notes*” has the meaning given to such term in the Union Bank Credit Agreement. The Notes constitute Subordinate Obligations under the Master Subordinate Resolution.

“*Obligations*” has the meaning given to such term in the Union Bank Credit Agreement. The Obligations constitute Subordinate Obligations under the Master Subordinate Resolution.

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

“*Project*” means an AMT Project, a Non-AMT Project or a Taxable Project.

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

“*Reimbursement Obligations*” has the meaning given to such term in the Union Bank Credit Agreement.

[“*Request for Loan*” has the meaning given to such term in the Union Bank Credit Agreement.]

[“*Revolving Loan*” has the meaning given to such term in the Union Bank Credit Agreement.]

[“*Revolving Loan Maturity Date*” has the meaning given to such term in the Union Bank Credit Agreement.]

“*Second Supplemental Subordinate Resolution*” means this Resolution No. HD-_____, adopted by the Board on July 15, 2013, and any amendments, modifications or supplements hereto.

“*Series B Project Fund*” means the fund of such designation established pursuant to Section 3.01(a) hereof and into which money is to be deposited to pay Costs of a Tax-Exempt Project and/or for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the City, acting by and through the Board).

“Series B Rebate Fund” means the fund of such designation established pursuant to Section 3.04 hereof.

“Series B Subordinate Revolving Obligations” means (a) a Tax-Exempt Loan, (b) the Tax-Exempt Note, and/or (c) any other Subordinate Obligation authorized to be issued and/or incurred pursuant to the terms hereof and the terms of the Union Bank Credit Agreement, the interest on which is not included in the gross income of the holder of such Subordinate Obligation for federal income tax purposes.

“Series B/C Subordinate Revolving Obligations” means, collectively, the Series B Subordinate Revolving Obligations and the Series C Subordinate Revolving Obligations.

“Series C Project Fund” means the fund of such designation established pursuant to Section 3.1(b) hereof and into which money is to be deposited to pay Costs of a Taxable Project and/or for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the City, acting by and through the Board).

“Series C Subordinate Revolving Obligations” means (a) a Taxable Loan, (b) the Taxable Note, and/or (c) any other Subordinate Obligation authorized to be issued and/or incurred pursuant to the terms hereof and the terms of the Union Bank Credit Agreement, the interest on which is included in the gross income of the holder of such Subordinate Obligation for federal income tax purposes.

“Subaccount” means a subaccount established within an Account related to a Loan.

“Subordinate Resolution” means, collectively, the Master Subordinate Resolution, as amended and supplemented, and this Second Supplemental Subordinate Resolution.

[*“Taxable Loan”* has the meaning given to such term in the Union Bank Credit Agreement.]

[*“Taxable Loan Commitment”* has the meaning given to such term in the Union Bank Credit Agreement.]

“Taxable Note” has the meaning given to such term in the Union Bank Credit Agreement. The Taxable Note constitutes a Subordinate Obligation under the Master Subordinate Resolution.

“Taxable Project” means any undertaking, facility or item which is described in a Certificate provided by the Board at the time of delivery of a [Request for Loan] and which the City, acting by and through the Board, is lawfully permitted to undertake and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Series C Subordinate Revolving Obligations.

[*“Taxable Revolving Loan”* has the meaning given to such term in the Union Bank Credit Agreement.]

“Tax Compliance Certificate” means, collectively, the Tax Compliance Certificate executed and delivered by the City, acting by and through the Board, on or prior to the date of the issuance of the initial Series B Subordinate Revolving Obligations, as the same may be amended or supplemented in accordance with its terms, relating to the requirements of Section 103 and Sections 141 through 150 of the Code.

[*“Tax-Exempt Loan”* has the meaning given to such term in the Union Bank Credit Agreement.]

[*“Tax-Exempt Loan Commitment”* has the meaning given to such term in the Union Bank Credit Agreement.]

“Tax-Exempt Note” has the meaning given to such term in the Union Bank Credit Agreement. The Tax-Exempt Note constitutes a Subordinate Obligation under the Master Subordinate Resolution.

“Tax-Exempt Project” means a AMT Project and/or a Non-AMT Project.

[*“Tax-Exempt Revolving Loan”* has the meaning given to such term in the Union Bank Credit Agreement.]

[*“Term Loan”* has the meaning given to such term in the Union Bank Credit Agreement.]

“Union Bank Credit Agreement” means the Revolving Credit Agreement, dated as of [_____] 1, 2013, by and between the Board, acting on behalf of the City, and the Lender, and any and all modifications, alterations, amendments and supplements thereto.

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

ARTICLE II

THE SERIES B/C SUBORDINATE REVOLVING OBLIGATIONS

Section 2.01. Authorization to Issue and/or Incur Series B/C Subordinate Revolving Obligations; Terms and Description of Series B/C Subordinate Revolving Obligations.

(a) The Board hereby determines that the issuance and/or incurrence, from time to time, of the Series B/C Subordinate Revolving Obligations in the form Series B Subordinate Revolving Obligations, Series C Subordinate Revolving Obligations, Loans and Notes for the purposes of financing and refinancing the acquisition, construction, rehabilitation and equipping of Projects, financing certain Costs of Issuance and for any other financing needs of the Department (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board) is advisable from an economic and financial viewpoint. The Board hereby authorizes (a) the issuance and/or incurrence, from time to time, of the Series B/C Subordinate

Revolving Obligations pursuant to the terms of the Subordinate Resolution in the form of Series B Subordinate Revolving Obligations, Series C Subordinate Revolving Obligations, Loans and Notes for the purposes of financing and refinancing the acquisition, construction, rehabilitation and equipping of Projects, financing certain costs of issuance and for any other financing needs of the Department (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), subject to the provisions of the Union Bank Credit Agreement, Article II hereof and as hereinafter provided, provided that the aggregate principal amount of all Series B/C Subordinate Revolving Obligations outstanding at any one time shall not exceed \$122,000,000, and (b) incurrence of the Obligations.

(b) The Series B Subordinate Revolving Obligations shall be the second Series of Subordinate Obligations created under the Master Subordinate Resolution, shall be issued and/or incurred pursuant to the Law and under the Subordinate Resolution, and shall be designated as the "City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series B (Tax-Exempt)." The Series B Subordinate Revolving Obligations shall be issued and/or incurred as and shall constitute Subordinate Obligations pursuant to Article III of the Master Subordinate Resolution.

The Series B Subordinate Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of Tax-Exempt Projects or such other purposes as allowed by the Law and/or the Subordinate Resolution. Such authorization specifically includes the authorization to issue and/or incur Series B Subordinate Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Series B Subordinate Revolving Obligations provided that at no time may the aggregate principal amount of Series B Subordinate Revolving Obligations (together with the aggregate principal amount of any outstanding Series C Subordinate Revolving Obligations) exceed the lesser of the Authorized Amount or the Commitment. The Commitment may be modified in accordance with the terms of the Union Bank Credit Agreement, provided, however, that in no event shall the Commitment exceed the Authorized Amount.

(c) The Series C Subordinate Revolving Obligations shall be the third Series of Subordinate Obligations created under the Master Subordinate Resolution, shall be issued and/or incurred pursuant to the Law and under the Subordinate Resolution, and shall be designated as the "City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series C (Taxable)." The Series C Subordinate Revolving Obligations shall be issued and/or incurred as and shall constitute Subordinate Obligations pursuant to Article III of the Master Subordinate Resolution.

The Series C Subordinate Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of Taxable Projects or such other purposes as allowed by the Law and/or the Subordinate Resolution. Such authorization specifically includes the authorization to issue and/or incur Series C Subordinate Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment

Expiration Date, issue new Series C Subordinate Revolving Obligations provided that at no time may the aggregate principal amount of Series C Subordinate Revolving Obligations (together with the aggregate principal amount of any outstanding Series B Subordinate Revolving Obligations) exceed the lesser of the Authorized Amount or the Commitment. The Commitment may be modified in accordance with the terms of the Union Bank Credit Agreement, provided, however, that in no event shall the Commitment exceed the Authorized Amount.

(d) Prior to the incurrence of a Revolving Loan, a properly presented and conforming [Request for Loan] shall be delivered to the Lender by a Designated Representative and all conditions precedent set forth in Section [] of the Union Bank Credit Agreement shall be satisfied. Prior to the incurrence of a Term Loan the City, acting by and through the Board, shall comply with the provisions of Article [] of the Union Bank Credit Agreement.

(e) Pursuant to the provisions of Section 3.01 of the Master Subordinate Resolution, the Board hereby elects to provide for additional terms and conditions of the Series B/C Subordinate Revolving Obligations (including, but not limited to, the items listed in clauses (c), (d), (e), (g) (j) (k) and (l) in the second paragraph of Section 3.01 of the Master Subordinate Resolution) in the Union Bank Credit Agreement. All of the terms and conditions of the Series B/C Subordinate Revolving Obligations shall be governed by the terms and provisions of the Subordinate Resolution and the Union Bank Credit Agreement. Series B/C Subordinate Revolving Obligations shall be issued and/or incurred in accordance with the terms of the Master Subordinate Resolution, this Second Supplemental Subordinate Resolution and the Union Bank Credit Agreement.

(f) The Series B/C Subordinate Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence in the amount and in the manner determined under the Union Bank Credit Agreement and shall be payable on the dates set forth in the Union Bank Credit Agreement.

(g) The Series B/C Subordinate Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(h) The Series B/C Subordinate Revolving Obligations shall be subject to prepayment, acceleration, mandatory tender and purchase, mandatory prepayment and mandatory redemption prior to maturity in the amounts, at the times and in the manner set forth in the Union Bank Credit Agreement.

(i) No Series B/C Subordinate Revolving Obligations may be issued and/or incurred under the Master Subordinate Resolution, this Second Supplemental Subordinate Resolution and the Union Bank Credit Agreement if a Default and/or Credit Agreement Event of Default has occurred and is continuing.

(j) On the Effective Date, the City, acting by and through the Board, will issue the Notes in order to evidence the obligation of the City, acting by and through the Board, to repay the Lender for any Revolving Loans and/or Term Loans under the Union

Bank Credit Agreement, together with interest thereon, from time to time at the rates and dates and times established in accordance with the Union Bank Credit Agreement. Principal on each Revolving Loan and/or Term Loan as reflected in the Notes shall be payable on the applicable Maturity Date(s), subject to any prepayment, acceleration, mandatory tender and purchase, mandatory prepayment or mandatory redemption of each Revolving Loan or Term Loan.

(k) No Series B/C Subordinate Revolving Obligations may be issued and/or incurred under the provisions of this Second Supplemental Subordinate Resolution except in accordance with this Article and the Union Bank Credit Agreement.

Section 2.02. Payment of Series B/C Subordinate Revolving Obligations. The City, acting by and through the Board, as provided in Section 6.02 of the Master Subordinate Resolution, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Revenues and to the extent thereof the principal of and interest on every Series B/C Subordinate Revolving Obligation. The Treasurer will make all payments of principal of and interest on the Series B/C Subordinate Revolving Obligations directly to the Fiscal Agent in immediately available funds no later than two (2) Business Days preceding the date payment is due on any Series B/C Subordinate Revolving Obligation. The Fiscal Agent shall then make the payments of principal of and interest on the Series B/C Subordinate Revolving Obligations directly to the Lender in accordance with the provisions of the Fiscal Agent Agreement. The principal of and the interest on the Series B/C Subordinate Revolving Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Resolution to the contrary, no presentation or surrender of any Note or Series B/C Subordinate Revolving Obligation shall be required for any payment of principal of or interest on any Series B/C Subordinate Revolving Obligation.

The City, acting by and through the Board, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Revenues and to the extent thereof the Obligations (not otherwise paid in accordance with the previous paragraph). The Treasurer shall pay all Obligations (other than the Reimbursement Obligations which shall be payable by the Fiscal Agent as described in the previous paragraph) directly to the Lender in accordance with the provisions of the Union Bank Credit Agreement. Such Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Resolution to the contrary, no presentation or surrender of any Note or Series B/C Subordinate Revolving Obligation shall be required for any payment of the Obligations.

Section 2.03. Use of Series B/C Subordinate Revolving Obligation Proceeds. The City, acting by and through the Board, may issue and/or incur Series B/C Subordinate Revolving Obligations under this Second Supplemental Subordinate Resolution as Series B Subordinate Revolving Obligations or Series C Subordinate Revolving Obligations.

Series B Subordinate Revolving Obligations shall be issued hereunder to pay Costs of Tax-Exempt Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the City, acting by and through the Board). Series C Subordinate Revolving Obligations shall be issued hereunder to pay Costs of any Taxable Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the City, acting by and through the Board).

On or prior to the date of each New Issue of Series B Subordinate Revolving Obligations, the City, acting by and through the Board, shall have obtained an Opinion of Bond Counsel, addressed to the Board, the City and the Lender, to the effect that the interest on such Series B Subordinate Revolving Obligations is excluded from gross income for federal income tax purposes, except for interest on any Series B Subordinate Revolving Obligation issued and/or incurred to finance or refinance the Costs of an AMT Project for any period during which such Series B Subordinate Revolving Obligation is held by a "substantial user" of the facilities financed or refinanced by such Series B Subordinate Revolving Obligations or a "related person" within the meaning of Section 147(a) of the Code and, if such Series B Subordinate Revolving Obligation are to be issued and/or incurred to finance or refinance the Costs of a Non-AMT Project, that the interest on such Series B Subordinate Revolving Obligations is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

ARTICLE III

ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF SERIES B/C SUBORDINATE REVOLVING OBLIGATION PROCEEDS

Section 3.01. Establishment of Series B Project Fund and Series C Project Fund.

(a) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the "City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series B (Tax-Exempt) Project Fund" (the "***Series B Project Fund***"). Within the Series B Project Fund, the Treasurer shall establish, maintain and hold in trust an AMT Project Account and a Non-AMT Project Account. The Treasurer shall establish within each AMT Project Account and Non-AMT Project Account a separate Subaccount for each Tax-Exempt Revolving Loan to the extent proceeds of such Tax-Exempt Revolving Loan are to be deposited in the AMT Project Account or Non-AMT Project Account.

(b) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the "City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series C (Taxable) Project Fund" (the "***Series C Project Fund***").

Section 3.02. Deposit of Proceeds of Series B/C Subordinate Revolving Obligations.

Except as otherwise provided in the following sentence, upon receipt from the Lender, the City, acting by and through the Board, shall transfer or cause to be transferred the proceeds from each

Revolving Loan to the Treasurer immediately upon receipt thereof. The proceeds from each Revolving Loan shall be applied by (a) the Treasurer, at the direction of an Authorized Board Representative, for deposit into the Series B Project Fund (and the appropriate Account and/or Subaccount of the Series B Project Fund) or the Series C Project Fund, and expended therefor in accordance with the provisions of Section 3.03 hereof, and/or (b) the City, acting by and through the Board, for such other purposes as allowed by the Law and/or the Subordinate Resolution.

Section 3.03. Application of Moneys in the Series B Project Fund and the Series C Project Fund.

(a) The moneys in the Series B Project Fund and the Series C Project Fund shall be held by the Treasurer in trust and applied to the Costs of a Project and the expenses incident thereto or connected therewith, including, if necessary, reimbursement to the Board for expenses incurred prior to the receipt of the applicable Revolving Loan.

(b) Except as provided in this Section 3.03, (i) moneys deposited in the AMT Project Account of the Series B Project Fund shall be withdrawn from time to time as directed in writing by an Authorized Board Representative solely to pay the Costs of AMT Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), (ii) moneys deposited in the Non-AMT Project Account of the Series B Project Fund shall be withdrawn from time to time as directed in writing by an Authorized Board Representative solely to pay the Costs of Non-AMT Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board), and (iii) moneys deposited in the Series C Project Fund shall be withdrawn from time to time as directed in writing by an Authorized Board Representative to pay the Costs of Taxable Projects and for such other purposes as allowed by the Law and/or the Subordinate Resolution (including, but not limited to, the refunding and restructuring of existing indebtedness of the City, acting by and through the Board).

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

(d) Moneys held in the Series B Project Fund and the Series C Project Fund shall be invested and reinvested by the Treasurer in Investment Securities. Earnings on the Series B Project Fund and the Series C Project Fund shall be retained in the Series B Project Fund and the Series C Project Fund, respectively, and utilized to pay for the applicable Project or for other lawful uses, provided the Board first obtains an Opinion of Bond Counsel to the effect that the Board's intended use of such balance is a lawful purpose for which such proceeds may be used under the Law, and with respect to amounts held in the Series B Project Fund, such use will not adversely affect the

exclusion of interest on the Series B Subordinate Revolving Obligations from gross income for federal income tax purposes, except that such exclusion will not apply with respect to interest on any Series B Subordinate Revolving Obligation issued and/or incurred to finance or refinance the Costs of an AMT Project for any period during which such Series B Subordinate Revolving Obligation is held by a “substantial user” of the facilities financed or refinanced by such Series B Subordinate Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code.

(e) The completion of a Project shall be evidenced by the filing with the Treasurer of a certificate of an Authorized Board Representative stating either (A) the date of completion of the Project and the amount, if any, required in the opinion of such Authorized Board Representative for the payment of any remaining part of the Costs of the Project or (B) that all amounts in the applicable Account of the Series B Project Fund or the Series C Project Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account of the Series B Project Fund or the Series C Project Fund following the delivery of such certificate, or upon the determination of the Board not to proceed with the applicable Project, may, at the determination of the Board, be applied upon written requisition of an Authorized Board Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Law. As a condition to the disbursement of funds under the provisions of the prior sentence, the Board shall first obtain an Opinion of Bond Counsel to the effect that the Board’s intended use of such balance is a lawful purpose for which such proceeds may be used under the Law, and with respect to amounts held in the Series B Project Fund, such use will not adversely affect the exclusion of interest on the Series B Subordinate Revolving Obligations from gross income for federal income tax purposes, except that such exclusion will not apply with respect to interest on any Series B Subordinate Revolving Obligation issued and/or incurred to finance or refinance the Costs of an AMT Project for any period during which such Series B Subordinate Revolving Obligation is held by a “substantial user” of the facilities financed or refinanced by such Series B Subordinate Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code.

Section 3.04. Establishment and Maintenance of Series B Rebate Fund.

(a) The Treasurer shall establish, maintain and hold a fund separate from any other fund established and maintained hereunder or under the Master Subordinate Resolution designated as the “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series B (Tax-Exempt) Rebate Fund” (the “***Series B Rebate Fund***”). Within the Series B Rebate Fund, the Treasurer shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the Tax Compliance Certificate. All money at any time deposited in the Series B Rebate Fund shall be held by the Treasurer for the account of the City, acting by and through the Board, in trust, to the extent required to satisfy the applicable Rebate Requirements, for payment to the federal government of the United States of America, and none of the City, the Board, the Department or the Lender (or any other holder of the Series B/C Subordinate Revolving Obligations) shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Series B Rebate Fund shall be governed by

this Second Supplemental Subordinate Resolution and by the Tax Compliance Certificate (which is incorporated herein by reference). The City, acting by and through the Board, hereby covenants to comply with the directions contained in the Tax Compliance Certificate.

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

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

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

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

ARTICLE IV

PLEDGE AND PAYMENT

The Series B/C Subordinate Revolving Obligations and the Obligations are Subordinate Obligations and, as such, are special limited obligations of the City, acting by and through the Board, secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Subordinate Resolution.

The City, acting by and through the Board, hereby pledges, places a lien upon and assigns Subordinate Revenues to secure the payment of the principal of and interest on the Series B/C Subordinate Revolving Obligations and any Obligations in accordance with their terms, including the terms of the Union Bank Credit Agreement. The Subordinate Revenues constitute a trust fund for the security and payment of the interest on and principal of the Series B/C Subordinate Revolving Obligations, the Obligations and all other Subordinate Obligations, and the Lender, as holder of the Series B/C Subordinate Revolving Obligations and the payee of the Obligations and the holders from time to time of the other Subordinate Obligations and any other future parity Subordinate Obligations, shall share *pari passu* without priority or distinction of one over the other in the Subordinate Revenues.

To provide additional security for the payment of the principal of and interest on the Series B/C Subordinate Revolving Obligations and the Obligations as the same shall become due and payable, the City, acting by and through the Board, hereby pledges and grants a lien upon, subject only to the provisions of this Second Supplemental Subordinate Resolution and the Tax Compliance Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Series B/C Subordinate Revolving Obligations and Obligations by the Treasurer in the Subordinate Debt Service Fund, (b) amounts held for the payment of such Series B/C Subordinate Revolving Obligations and Obligations by the Treasurer in the Series B Project Fund and the Series C Project Fund, (c) the proceeds of any other evidences of indebtedness of the City, acting by and through the Board, issued or incurred solely for the payment of the principal of and interest on such Series B/C Subordinate Revolving Obligations and the Obligations, and (d) any other moneys of the Board, the Department or the City hereafter pledged by the City, acting by and through the Board, to the payment of the principal of and interest on the Series B/C Subordinate Revolving Obligations and the Obligations.

ARTICLE V

TAX COVENANTS

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series B Subordinate Revolving Obligations, the Board hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the Board agrees to execute, deliver and comply with the provisions of the Tax Compliance Certificate. An Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Tax Compliance Certificate including counterparts thereof, in the name City, acting by and through the Board. The Tax Compliance Certificate shall contain such terms, provisions, representations and covenants as shall be required in order to assure that interest paid on the Series B Subordinate Revolving Obligations will not be included in gross income for federal income tax purposes (except for any interest paid on any Series B Subordinate Revolving Obligations issued and/or incurred to finance or refinance an AMT Project held by a "substantial user" or "related party" to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed and refinanced by such Series B Subordinate Revolving Obligations). From and after the execution and delivery of the Tax Compliance Certificate, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Tax Compliance Certificate.

The Board shall not use or permit the use of any proceeds of the Series B Subordinate Revolving Obligations, or any other funds of the Board or the Department held by the Treasurer under the Subordinate Resolution attributable to the Series B Subordinate Revolving Obligations, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Board or the Treasurer with respect to the Series B Subordinate Revolving Obligations in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series B Subordinate Revolving Obligation to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the

meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Board and the Department shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the Board is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Treasurer or to use such money in certain manners, in order to avoid the Series B Subordinate Revolving Obligations from being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Series B Subordinate Revolving Obligations at such time, the Board shall issue or shall cause to be issued to the Treasurer a certificate to such effect together with appropriate instructions, in which event the Treasurer shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Treasurer shares such opinion.

The Board and the Department shall at all times do and perform all acts and things permitted by law and the Subordinate Resolution which are necessary or desirable in order to assure that interest paid on the Series B Subordinate Revolving Obligations will not be included in gross income for federal income tax purposes (except for any interest paid on any Series B Subordinate Revolving Obligations issued and/or incurred to finance or refinance an AMT Project held by a "substantial user" or "related party" to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed and refinanced by such Series B Subordinate Revolving Obligations) and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

Notwithstanding any provision of Section 3.04 hereof or this Article to the contrary, if the Board shall receive an Opinion of Bond Counsel to the effect that any action required under Section 3.04 hereof and/or this Article is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Series B Subordinate Revolving Obligations pursuant to Section 103 of the Code, the Board and the Treasurer may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

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

ARTICLE VI

APPROVAL OF UNION BANK CREDIT AGREEMENT, FEE LETTER, NOTES, FISCAL AGENT AND FISCAL AGENT AGREEMENT

Section 6.01. Approval of Union Bank Credit Agreement, the Fee Letter and the Notes. The form, terms and provisions of the Union Bank Credit Agreement, the Fee Letter and the Notes are in all respects approved, and an Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Union Bank Credit Agreement, the Fee Letter and the Notes including counterparts thereof, in the name and on behalf of the City, acting by and through the Board. The Union Bank Credit Agreement, the Fee Letter and the Notes, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be

approved by the Authorized Board Representative executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Union Bank Credit Agreement, the Fee Letter and the Notes now before this meeting; and from and after the execution and delivery of the Union Bank Credit Agreement, the Fee Letter and the Notes, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Union Bank Credit Agreement, the Fee Letter and the Notes.

Section 6.02. Approval of Fiscal Agent and Fiscal Agent Agreement. U.S. Bank National Association is hereby appointed as Fiscal Agent with respect to the Series B/C Subordinate Revolving Obligations. The Fiscal Agent shall signify its acceptance of its duties hereunder by executing and delivering to the City, acting by and through the Board, a written acceptance in the form of the Fiscal Agent Agreement, in which the Fiscal Agent agrees to perform said duties and obligations as set forth in the Master Subordinate Resolution and this Second Supplemental Subordinate Resolution. The form, terms and provisions of the Fiscal Agent Agreement are in all respects approved, and an Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Fiscal Agent Agreement including counterparts thereof, in the name and on behalf of the City, acting by and through the Board. The Fiscal Agent Agreement, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the Authorized Board Representative executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Fiscal Agent Agreement now before this meeting; and from and after the execution and delivery of the Fiscal Agent Agreement, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Fiscal Agent Agreement.

ARTICLE VII

ADDITIONAL AUTHORIZATIONS; DESIGNATED REPRESENTATIVES

Section 7.01. Additional Authorizations. Each Authorized Board Representative and all officers, agents and employees of the Board and the Department, for and on behalf of the City, acting by and through the Board, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Series B/C Subordinate Revolving Obligations (including the Loans and the Notes), the Fiscal Agent Agreement, the Union Bank Credit Agreement and the Fee Letter and to carry out the terms thereof. Each Authorized Board Representative and all other officers, agents and other employees of the Board and the Department are further authorized and directed, for and on behalf of the City, acting by and through the Board, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Second Supplemental Subordinate Resolution, the Master Subordinate Resolution, the Union Bank Credit Agreement and the Fee Letter or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing Department staff to pay costs of

issuance of implementing and obtaining the Union Bank Credit Agreement and fees and costs of the Lender, authorizing the investment of the proceeds of the Loans in one or more of the Investment Securities, and authorizing the execution by an Authorized Board Representative, or any one of them, of one or more tax compliance certificates as required by this Second Supplemental Subordinate Resolution and the Union Bank Credit Agreement for the purpose of complying with the rebate requirements of the Code. All actions heretofore taken by the officers, agents and employees of the Board and the Department in furtherance of this Second Supplemental Subordinate Resolution are hereby confirmed, ratified and approved.

Section 7.02. Designated Representatives. The President of the Board, the Vice President of the Board, the Executive Director, the Managing Director-Finance and Administration, the Chief Financial Officer and such other officer or employee of the Board or the Department designated by the Board, are each appointed as Designated Representatives under the terms of this Second Supplemental Subordinate Resolution and the Union Bank Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in this Second Supplemental Subordinate Resolution, the Union Bank Credit Agreement and the Notes including, without limitation, the execution of a [Request for Loan] (as described in the Union Bank Credit Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with the issuance and/or incurrence of Revolving Loans and Term Loans as and when required in this Second Supplemental Subordinate Resolution, the Union Bank Credit Agreement and the Notes and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of this Second Supplemental Subordinate Resolution, the Union Bank Credit Agreement and the Notes.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Approval of the City. The Board hereby requests the City Council to approve the issuance and/or incurrence, from time to time, of the Series B/C Subordinate Revolving Obligations pursuant to the Master Subordinate Resolution, this Second Supplemental Subordinate Resolution and the Union Bank Credit Agreement.

Section 8.02. Series B/C Subordinate Revolving Obligations Subject to the Master Subordinate Resolution. The Series B/C Subordinate Revolving Obligations (including the Loans and the Notes) are and will be issued and/or incurred under and subject to the terms of the Master Subordinate Resolution and will be secured and payable from Subordinate Revenues and other security as provided for in the Master Subordinate Resolution and this Second Supplemental Subordinate Resolution. Except as expressly provided in this Second Supplemental Subordinate Resolution, every term and condition contained in the Master Subordinate Resolution shall apply to this Second Supplemental Subordinate Resolution and to the Series B/C Subordinate Revolving Obligations (including the Loans and the Notes) with the same force and effect as if it were herein set forth at length, with such omissions, variations and

modifications thereof as may be appropriate to make the same conform to this Second Supplemental Subordinate Resolution.

Section 8.03. Obligations Afforded Status of Subordinate Obligations. Obligations (as defined in the Union Bank Credit Agreement) owed by the City, acting by and through the Board, to the Lender shall be afforded the status of a Subordinate Obligation and the Lender shall be the Holder of such Subordinate Obligation subject to the payment terms established in the Union Bank Credit Agreement, the Notes and the Fee Letter. The Obligations shall be payable from amounts on deposit in the Interest Account of the Subordinate Debt Service Fund as provided for in Section 5.04(a) of the Master Subordinate Resolution, except that amounts representing principal of the Series B/C Subordinate Revolving Obligations shall be payable from the Principal Account of the Subordinate Debt Service Fund as provided for in Section 5.04(b) of the Master Subordinate Resolution.

Section 8.04. Additional Event of Default and Remedies.

(a) As permitted by Sections 10.01(f) and 10.10 of the Master Subordinate Resolution, there is hereby provided an additional Event of Default:

“A Credit Agreement Event of Default shall be an Event of Default under Section 10.01 of the Master Subordinate Resolution with respect to the Series B/C Subordinate Revolving Obligations.”

(b) As permitted by Sections 10.02(a)(v) and 10.10 of the Master Subordinate Resolution, there are hereby provided additional remedies upon the occurrence and continuance of any Event of Default:

“The remedies provided for in the Union Bank Credit Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Lender under Section 10.02 of the Master Subordinate Resolution with respect to the Series B/C Subordinate Revolving Obligations.”

Section 8.05. Excluded Principal Payments and Variable Rate Indebtedness. The Board hereby determines that (a) the principal of the Series B/C Subordinate Revolving Obligations shall be Excluded Principal Payments, and (b) the Series B/C Subordinate Revolving Obligations shall be treated as Variable Rate Indebtedness.

Section 8.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Second Supplemental Subordinate Resolution or in the Series B/C Subordinate Revolving Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Second Supplemental Subordinate Resolution or in the Series B/C Subordinate Revolving Obligations, as applicable, and such invalidity, illegality or unenforceability shall not affect any other provision of this Second Supplemental Subordinate Resolution or the Series B/C Subordinate Revolving Obligations, as applicable, and this Second Supplemental Subordinate Resolution and the Series B/C Subordinate Revolving Obligations, as applicable, shall be construed as if such invalid or illegal or unenforceable provision had never

been contained herein. The Board hereby declares that it would have adopted this Second Supplemental Subordinate Resolution and each and every other Article, Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series B/C Subordinate Revolving Obligations pursuant thereto irrespective of the fact that any one or more Articles, Sections, paragraphs, sentences, clauses or phrases of this Second Supplemental Subordinate Resolution may be held illegal, invalid or unenforceable.

Section 8.07. Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Second Supplemental Subordinate Resolution.

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

Section 8.08. Governing Law. This Second Supplemental Subordinate Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 8.09. Effective Date of Resolution. This Second Supplemental Subordinate Resolution shall take effect immediately upon its adoption by the Board, and the Secretary of the Board shall certify to the vote adopting this Second Supplemental Subordinate Resolution and shall cause a certified copy of this Second Supplemental Subordinate Resolution to be filed forthwith with the City Clerk of the City of Long Beach (the “*City Clerk*”). The City Clerk shall post this Second Supplemental Subordinate Resolution in three conspicuous places in the City.

[Remainder of page intentionally left blank.]

I hereby certify that the foregoing resolution was adopted by the Board of Harbor Commissioners of the City of Long Beach at its meeting of July 15, 2013 by the following vote:

Ayes:	Commissioners	_____

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

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