

PRELIMINARY OFFICIAL STATEMENT DATED MAY 6, 2015

NEW ISSUE—FULL BOOK ENTRY

RATING:
Fitch: “_____”
(See “RATING” herein)

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS” herein.



\$ _____ *
CITY OF LONG BEACH
(Los Angeles County, California)
Marina Revenue Bonds, Series 2015
(Alamitos Bay Marina Project)

Dated: Date of Delivery

Due: May 15, as shown below

The \$ _____ * City of Long Beach (Los Angeles County, California) Marina Revenue Bonds, Series 2015 (Alamitos Bay Marina Project) (the “Bonds”), are being issued by the City of Long Beach, California (the “City”), pursuant to the provisions of the City Charter and sections 3.52.110 *et seq.* of the Long Beach Municipal Code, a resolution of the City Council of the City and an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bonds are being issued to (a) finance improvements to the City’s Alamitos Bay Marina (the “Project”), (b) prepay certain existing City loans from the State Department of Parks and Recreation, Division of Boating and Waterways (the “DBW Marina Loans”), (c) fund a portion of capitalized interest on the Bonds during the Project construction period, (d) fund a reserve fund for the Bonds, and (e) pay the costs of issuance of the Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Bonds are special obligations of the City and are payable solely from and secured by a pledge of Net Revenues of the City’s municipal marina system (the “Marina System”). “Net Revenues” are the gross revenues of the Marina System, less operating and maintenance expenses of the Marina System. Net Revenues are pledged, as a first lien thereon, to pay the Bonds and payments with respect to any parity obligations hereafter issued or incurred by the City (the “Parity Obligations”). The City has covenanted under the Indenture to prescribe, revise and collect such charges from the services and facilities of the Marina System which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of the obligations of the City with respect to the Bonds and payments with respect to any Parity Obligations hereafter issued or incurred by the City in such Fiscal Year.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of Bonds will not receive certificates representing their interest in the Bonds purchased but will receive a credit balance in the records of DTC. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Principal is payable on the dates set forth below. Interest is payable semiannually on each May 15 and November 15, commencing November 15, 2015. Upon receipt of payments of principal of, premium, if any, and interest on the Bonds, DTC is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants (as defined herein) for subsequent disbursement to purchasers of the Bonds, as described herein.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

NEITHER THE BONDS NOR THE OBLIGATION TO PAY PRINCIPAL OF OR INTEREST THEREON CONSTITUTES A DEBT OR A LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF NET REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

MATURITY SCHEDULE*

\$ _____ Serial Bonds

CUSIP† Prefix: _____

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix	Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

\$ _____ % Term Bonds maturing May 15, _____; Price: _____ % to Yield _____ %—CUSIP†: _____

\$ _____ % Term Bonds maturing May 15, _____; Price: _____ % to Yield _____ %—CUSIP†: _____

This cover page contains information for general reference only. It is *not* a summary of this issue. Potential purchasers of the Bonds are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriters subject to the approval of legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain legal matters will be passed upon for the City by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel, and by Charles Parkin, Esq., the City Attorney. Certain matters will be passed upon for the Underwriters by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is expected that the Bonds, in book-entry form, will be available for delivery on or about June 3, 2015.



Dated: May __, 2015

† Copyright 2015, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor’s. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Bonds. Neither the City nor the Underwriters is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the City with respect to the Bonds that has been deemed “final” by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth herein from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Indenture.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT SUCH LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

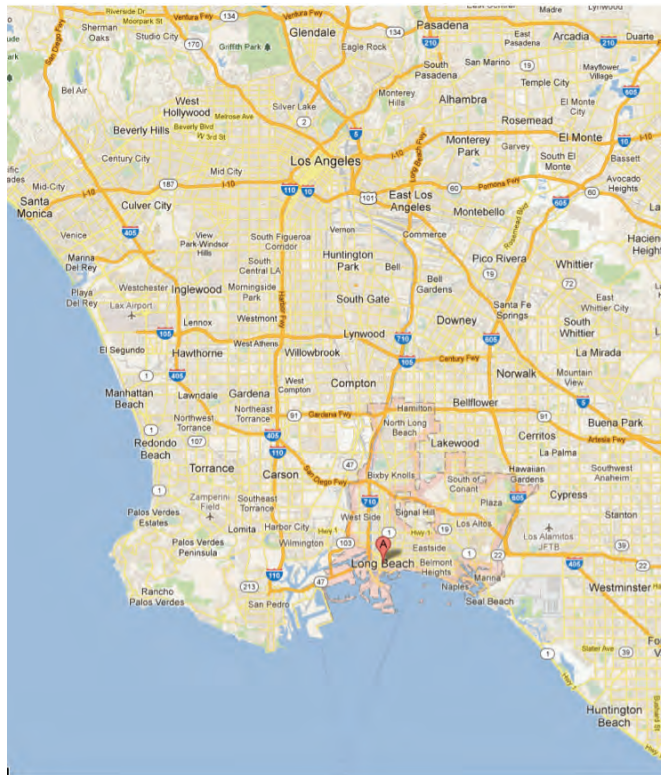
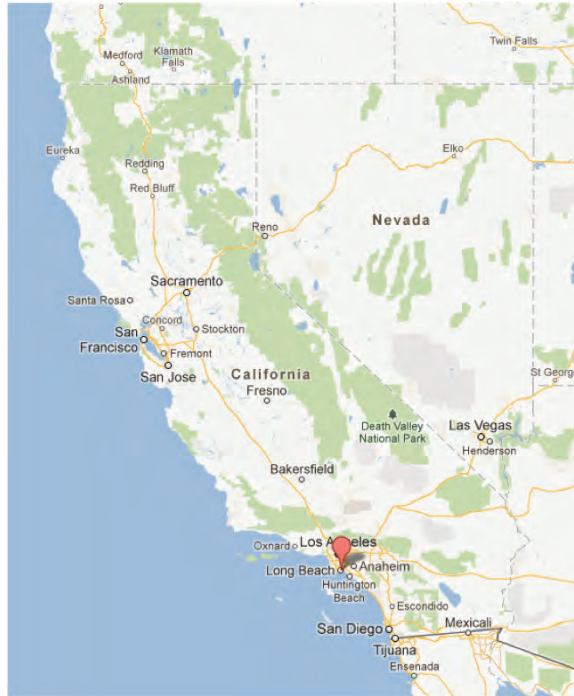
Website. The City maintains a website. The information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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CITY OF LONG BEACH LOCATION MAP



The Long Beach Alamitos Bay Marina truly has one of the great locations in California, if not the United States. Boats are protected by a series of offshore breakwaters and a natural bay. Sailors appreciate the rapid access to open water, prevailing winds and close proximity to Catalina Island. Sailing conditions in Long Beach are practically perfect year round. That is why Long Beach has been and continues to be the home of the Congressional Cup, Transpac and Olympic trial races.

Access to the Long Beach Marina is also ideal. Centrally located in the Los Angeles Basin. The 605 freeway terminates within minutes of the marina. Long Beach, proudly, is home to boaters from all parts of Southern California because of our perfect location.

Guest Moorings
There are 1,300 feet of guest boat docking available in marinas. Guest moorings are available, year-round. The rental fee is 60 cents per foot, per night. Visiting boaters may come to either office and rent a mooring.
Reservations are highly recommended for holiday weekends.

ALAMITOS BAY MARINA

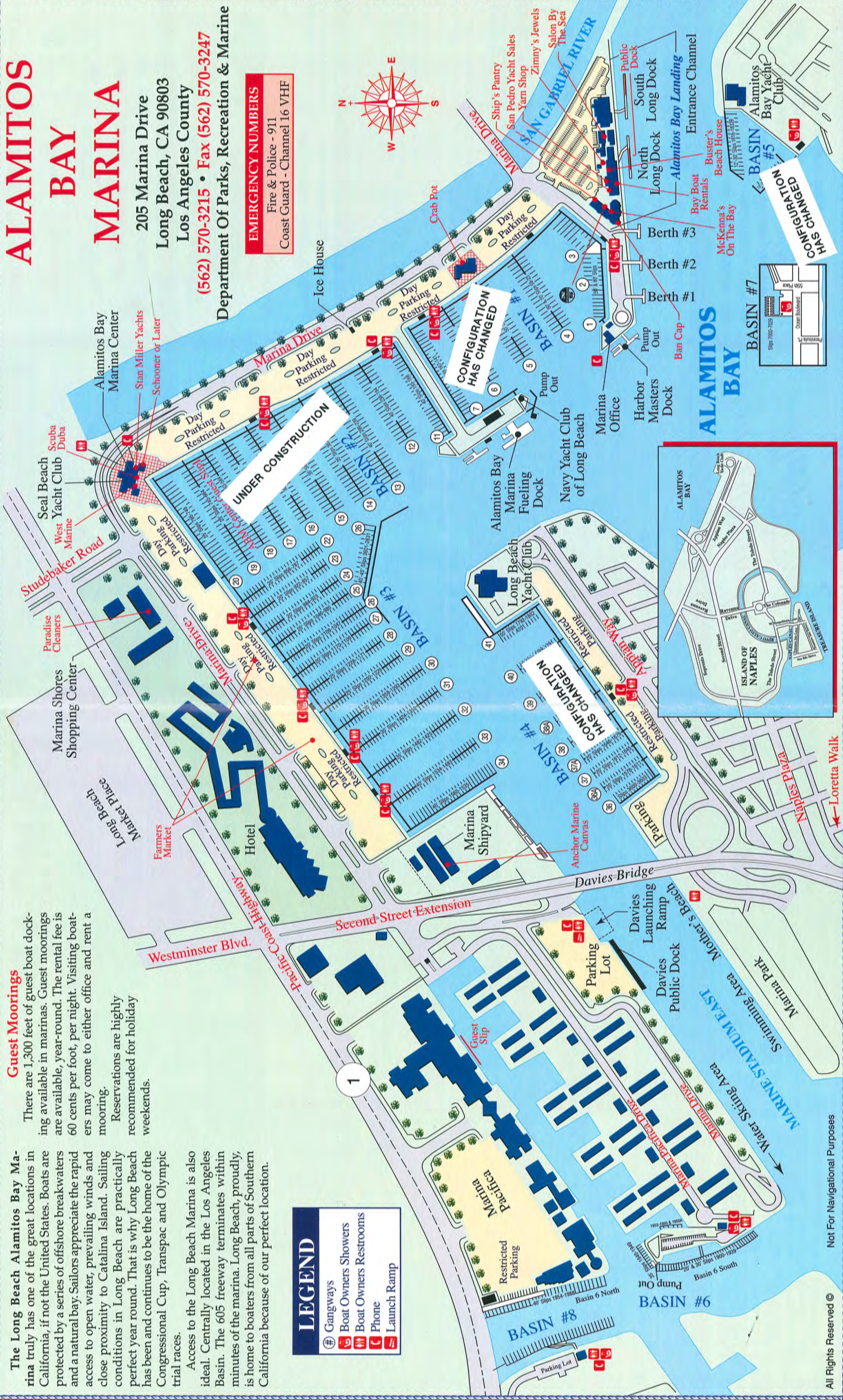
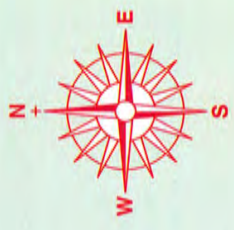
205 Marina Drive
Long Beach, CA 90803
Los Angeles County
(562) 570-3215 • Fax (562) 570-3247

Department Of Parks, Recreation & Marine

EMERGENCY NUMBERS
Fire & Police - 911
Coast Guard - Channel 16 VHF

LEGEND

- Ⓜ Gangways
- 🚿 Boat Owners Showers
- 🚻 Boat Owners Restrooms
- ☎ Phone
- 🚢 Launch Ramp



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Not For Navigational Purposes

RAINBOW HARBOR /MARINA

200 #B Aquarium Way • Long Beach, CA 90802
(562) 570-8636 • Fax (562) 570-8640

LONG BEACH SHORELINE MARINA

450 E. Shoreline Drive • Long Beach, CA 90802
(562) 570-4950 • Fax (562) 570-1799
Department Of Parks, Recreation & Marine

- FACILITIES**
- 1,450 Slips
 - Slips Up To 39' 30 Amp
 - Slips 60' To 89' 50 Amp
 - Slips Over 60' Dual 50 Amp
 - Dock Boxes
 - Mailboxes For Live Aboards
 - 24 Hour Security
 - Showers & Restrooms
 - Pump Out Stations
 - Parking
 - Office 25' - 80'
 - Fuel Dock
 - Slide Ties To 160'
 - Washer & Dryers



EMERGENCY NUMBERS
Fire & Police - 911
From Cell Phone:
Long Beach - 562-435-6711
Coast Guard - Channel 16 VHF

Sailing & Cruising
The Shoreline and Rainbow Harbor Marinas shall be entered only for the purpose of docking vessels. No sailing or cruising in the marina proper is allowed.

Not For Navigational Purposes

All Rights Reserved ©



Nothing may be stored or left on the docks unless it is properly marked with a tag. If they are not properly marked with a tag, they will be removed from the marina. This includes the docks, the marina, and the surrounding areas. This includes the docks, the marina, and the surrounding areas. This includes the docks, the marina, and the surrounding areas.

General Meetings
There are 300 feet of great boat docking available in the harbor. The great marina fee is \$1.10 per foot per night as well as a 50¢ permit fee per night. Visiting boats are not allowed to dock in the harbor. Visiting boats are not allowed to dock in the harbor. Visiting boats are not allowed to dock in the harbor.



CITY OF LONG BEACH

333 West Ocean Boulevard
Long Beach, CA 90802

Long Beach Mayor and City Council

Robert Garcia, *Mayor*

Suja Lowenthal, *Vice Mayor*, Second District

Lena Gonzalez, First District

Dee Andrews, Six District

Suzie A. Price, Third District

Roberto Uranga, Seventh District

Vacant, Fourth District

Al Austin, Eighth District

Stacy Mungo, Fifth District

Rex Richardson, Ninth District

City Staff

Patrick H. West, *City Manager*

Laura L. Doud, *City Auditor*

Charles Parkin, Esq., *City Attorney*

Douglas P. Haubert, Esq., *City Prosecutor*

Larry Herrera-Cabrera, *City Clerk*

John Gross, *Director of Financial Management*

David S. Nakamoto, *City Treasurer*

Long Beach Parks, Recreation and Marine

George Chapjian, *Director of Parks, Recreation & Marine*

Stephen Scott, *Manager-Business Operations Bureau*

Long Beach Marine Bureau

Elvira Hallinan, *Manager*

Special Services

Public Financial Management, Inc.

Los Angeles, California

Municipal Advisor

Quint & Thimmig LLP

Larkspur, California

Bond Counsel and Disclosure Counsel

The Bank of New York Mellon Trust Company, N.A.

Los Angeles, California

Trustee

Dornbusch Associates

Berkeley, California

BLUEWater Design Group

San Pedro, California

Feasibility Consultant

OFFICIAL STATEMENT

\$ _____ *

CITY OF LONG BEACH
(Los Angeles County, California)
Marina Revenue Bonds, Series 2015
(Alamitos Bay Marina Project)

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of the Marina Revenue Bonds, Series 2015 (Alamitos Bay Marina Project) (the “Bonds”), being issued by the City of Long Beach, California (the “City”), in the aggregate principal amount of \$ _____.*

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used, but not otherwise defined herein, shall have the meanings assigned thereto as set forth in APPENDIX A—SUMMARY OF THE INDENTURE—Certain Definitions.

The City

Incorporated in 1888, the City is a municipal corporation and chartered city in the State of California (the “State”) and encompasses approximately 52 square miles of coastal area located on the southern edge of Los Angeles County (the “County”). With a population as of January 1, 2014, of approximately 470,292, it is the second largest city in the County and the seventh largest city in the State. See “THE CITY” and APPENDIX D—GENERAL INFORMATION REGARDING THE CITY OF LONG BEACH.

The Marina System

The Marina System is the entire marina system of the City, consisting of the Shoreline Marina, the Rainbow Marina and the Alamitos Bay Marina, and comprising any and all facilities, properties and improvements at any time owned, controlled or operated by the City and any necessary lands, rights of way and other real or personal property used in connection therewith and any new marinas established by the City and accounted for under the Marina Fund. See “THE MARINA SYSTEM” herein.

* Preliminary, subject to change.

Purpose of the Bonds

The Bonds are being issued to provide funds to (a) finance improvements to the Alamitos Bay Marina (the “Project”), (b) prepay certain existing loans from the State Department of Parks and Recreation, Division of Boating and Waterways that have a lien on the Marina Revenues (the “DBW Marina Loans”), (c) fund a portion of capitalized interest on the Bonds during the Project construction period, (d) fund a reserve fund for the Bonds, and (e) pay the costs of issuance of the Bonds. See “SOURCES AND USES OF FUNDS” and “PLAN OF FINANCING” herein.

Authority for Issuance

The Bonds are authorized pursuant to the provisions of pursuant to the provisions of the City Charter and sections 3.52.110 *et seq.* of the Long Beach Municipal Code, a resolution adopted by the City Council of the City on May 5, 2015 (the “Resolution”), and an Indenture of Trust (the “Indenture”), dated as of June 1, 2015, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

Pledge of Net Revenues

The Bonds are payable from the net revenues (the “Net Revenues”) of the Marina System, derived primarily from charges and revenues received by the City from the operation of the Marina System, less the costs of the operation and maintenance of the Marina System. More than 80% of the Net Revenues are derived from month-to-month slip rentals to the general public. The Net Revenues are pledged, as a first and prior lien thereon, to pay the principal of and interest on the Bonds on a parity, as to payment and security, with any parity obligations issued or incurred by the City in accordance with the Indenture, as described herein (the “Parity Obligations”). Gross Revenues of the Marina System are deposited, when received, in the Marina Fund.

See “SECURITY FOR THE BONDS—Pledge of Net Revenues.”

Rate Covenant

The City has covenanted to set rates and charges for the service and facilities of the Marina System sufficient to provide Net Revenues in each year equal to at least 1.25 times the aggregate annual amount of principal of and interest due on the Bonds and all Parity Obligations. See “SECURITY FOR THE BONDS—Rate Covenant.” The City Council of the City has the authority to set such rates and charges with no external approvals.

Additional Obligations

Additional obligations and bonds issued or incurred on a parity with or subordinate to the Bonds may be issued pursuant to the Indenture provided that certain conditions are met. See “SECURITY FOR THE BONDS—Limitations on Future Obligations Secured by Net Revenues.” Other than the Bonds, there will be no other obligations secured by the Net Revenues on a senior, parity or subordinate basis as of the date of delivery of the Bonds.

Payment

Principal of the Bonds will be payable in each of the years and in the amounts set forth on the cover page hereof at the office of the Trustee. Interest on the Bonds will be paid by check or draft of the Trustee mailed by first class mail to the person entitled thereto. See “THE BONDS—General.” Initially, principal of and interest on the Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York (“DTC”), which will in turn remit such interest and principal to DTC Participants (as defined herein), which will in turn remit such interest and principal to Beneficial Owners (as defined herein) of the Bonds. See “THE BONDS—Book-Entry Only System.”

Redemption

The Bonds are subject to redemption prior to their stated maturity dates, as provided herein. See “THE BONDS—Redemption.”

Form of Bonds

The Bonds will be dated as of their date of delivery and will be issued in fully registered form, without coupons, in the minimum denominations of \$5,000 or any integral multiple thereof. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture. See “THE BONDS—General.”

Book-Entry System

The Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in denominations of \$5,000 or any integral multiple thereof, in book-entry form only. Upon receipt of payments of principal of and interest on the Bonds, DTC will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS—Book-Entry Only System” below and APPENDIX F—BOOK-ENTRY ONLY SYSTEM.

Risks of Investment

The Bonds are payable only from certain money available to the City from the Marina System. For a discussion of some of the risks associated with the purchase of the Bonds, see “RISKS RELATING TO THE BONDS” herein.

NEITHER THE BONDS NOR THE OBLIGATION TO PAY PRINCIPAL OF OR INTEREST THEREON CONSTITUTES A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF NET REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE.

Continuing Disclosure

The City has covenanted, for the benefit of the owners and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Marina System by not later than

nine months following the end of each Fiscal Year (currently September 30), commencing with the report for the fiscal year ended September 30, 2015, which is due no later than June 30, 2016, and to provide notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” herein and APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

Forward-Looking Statements

This Official Statement, and particularly the information contained under the headings entitled “THE PROJECT,” “ESTIMATED SOURCES AND USES OF FUNDS,” “SECURITY FOR THE BONDS,” “THE MARINA SYSTEM” AND APPENDIX D—GENERAL INFORMATION REGARDING THE CITY OF LONG BEACH, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 2000. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See “RISK FACTORS RELATING TO THE BONDS.”

Other Matters

There follows in this Official Statement brief descriptions of the Bonds, the security for the Bonds, the Indenture, the City, the Marina System, and certain other information relevant to the issuance of the Bonds. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions. All statements herein with respect to such documents are qualified in their entirety by reference to each such document for the complete details of all of their respective terms and conditions. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors’ rights generally. Copies of the Indenture are available from the City upon written request to the City, 333 West Ocean Boulevard, Long Beach, CA 90802, Attention: City Treasurer. The City may impose a charge for copying, mailing and handling expenses related to any request for documents.

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including the table of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

<u>Sources:</u>	
Principal Amount of Bonds	
Plus: Original Issue Premium	_____
TOTAL SOURCES	=====
 <u>Uses:</u>	
Deposit to Project Fund	
Prepayment of DBW Marina Loans	
Deposit to Bond Reserve Account (1)	
Deposit to Interest Account (2)	
Costs of Issuance (3)	_____
TOTAL USES	=====

- (1) The amount deposited into the Bond Reserve Account is equal to the Bond Reserve Requirement being _____.
- (2) Interest is capitalized on the Bonds through December 1, 2016.
- (3) Costs of Issuance include the Underwriters’ discount, legal fees, municipal advisory fees, printing costs, rating agency fees and other miscellaneous expenses.

PLAN OF FINANCING

The Bonds are being issued to provide funds to (a) finance the Project, (b) prepay the DBW Marina Loans, (c) fund a portion of capitalized interest on the Bonds during the Project construction period, (d) fund a reserve fund for the Bonds, and (e) pay the costs of issuance of the Bonds.

The Project. A portion of the proceeds of the Bonds will be used to finance the Alamos Bay Marina Rehabilitation Project (the “Project”). The Project is a design-build project with Bellingham Marine Industries (BMI) as the design, engineering and construction firm and Concept Marine Associates, a Division of TranSystems Corporation (TranSystems) as the construction manager, both working with the City of Long Beach, Marine Bureau. The Project consists of the design, fabrication and installation of a completely new, “state of the art” marina dock system. This BMI manufactured marina will consist of concrete floats trimmed with pressure treated whaler, power and sewer stations, durable wood fillets, and seawall repair as needed. The complete installation of all systems is intended to occur with as little impact to the tenants’, surrounding businesses and scheduled City events, and in compliance with the standards as set forth by the Project’s Environmental Impact Report. To achieve this goal the Project has been divided into several phases where boaters in a given area will be temporarily relocated while the existing wooden docks and piling are removed, the area dredged, the new piles installed and brand new concrete docks are assembled. In total, seven basins will be completely renovated as 1slips are removed and replaced with 1,625 top of the line slips resulting in a total of 1,655 slips at Alamos Bay.

Through the California Coastal Commission and the environmental review process it was determined that the following improvements would benefit the boating community during the reconstruction process and in the future: installation of a temporary 200-ft long dock which will provide mooring for the relocated vessels; construction of a 10,500 square foot eelgrass mitigation site in Marine

Stadium, installation of in-slip sewage pump-out facilities; construction of an additional dry boat storage area in the vicinity of Basins 2 and 3 with a minimum capacity of 100 spaces; and provision for 164 trailered vessel stalls at the Marine Stadium/Boathouse Lane dry boat storage area.

The City has acquired the following required permits:

Environmental Impact Report	approved February 2, 2010
California Coastal Commission Permit	approved January 13, 2011
US Army Corps of Engineers Permit	approved April 21, 2011
California Regional Water Quality Control Board Permit	approved November 8, 2010

No further permits are required for the Project. The City currently has executed contracts with BMI and Concept Marine Associates to complete the construction of the Project.

The total cost of the Project is estimated at \$108,963,117 and is expected to be completed by March 2018. To date, \$48,818,321 has been expended on the following portions of the Project, which have been completed within budget, from the sources and amounts indicated below:

Completed Project Component	Funding Source	Amount
Basin 1	2003-2007 DBW Marina Loans	\$12,105,000
	Marina Fund	7,460,000
Basin 4	2003 & 2011 DBW Marina Loans	18,220,000
	Marina Fund	3,868,462
Basin 5	Marina Fund	3,981,633
Basin 8	1995 DBW Marina Loan	2,650,000
	Marina Fund	532,686
Total		<u>\$48,818,321</u>

The remaining components of the Project, to be funded from Bonds proceeds, are shown in the following table:

Remaining Project Component	Amount
SCE/Utility Backbone (Basins 2 & 3)	\$ 2,122,359
Basin 2 docks and dredging (515 slips)	26,982,133
Basin 3 docks and dredging (631 slips)	22,103,689
Basin 6 docks and dredging (88 slips)	6,742,596
Basin 7 docks and dredging (20 slips)	1,621,854
Dry Boat storage requirements	572,165
Total	<u>\$60,144,796</u>
Less: City appropriated moneys	10,900,000
Net Amount to be paid from Bond Proceeds	<u>\$49,244,796</u>

Prepayment of the DBW Marina Loans. A portion of the proceeds of the Bonds will be used to prepay the DBW Marina Loans. There are six outstanding DBW Marina Loans entered into by the City to finance various Marina System improvements, currently outstanding in the principal amount of \$59,197,562. In addition, in November 2014, the DBW approved a new \$16.9 million loan for the

completion of a portion of the Project. The City does not intend to execute the loan contract before the Bonds are issued. If the City does sign that contract and draws funds, that loan will also be prepaid from the proceeds of the Bonds. In any case, that loan will be terminated.

FEASIBILITY REPORT

Dornbusch Associates, together with BLUEWater Design Group (collectively, the “Feasibility Consultant”) prepared a feasibility report (the “Feasibility Report”) to analyze the feasibility of the Project and the ability of the Marina System to repay the Bonds. Specifically, the Feasibility Report examined historical data on revenues, expenses, slip rental rates, occupancy rates and waiting lists for the Marina System and other marinas in Southern California. See APPENDIX G—FEASIBILITY REPORT.

Certain of the information concerning the Marina System and the Project in this Official Statement has been excerpted from the Feasibility Report. The estimates, opinions and conclusions expressed in the Feasibility Report are based upon certain assumptions, calculations and qualifications set forth therein and the Feasibility Report should be read in its entirety. While the Feasibility Consultant believes these assumptions to be reasonable for purposes of the Feasibility Report, the assumptions may vary significantly from actual future conditions due to unanticipated events and circumstances. To the extent that actual future conditions vary from those assumed in the Feasibility Report, the actual results will vary from those contained in the Feasibility Report. Neither the City nor the Underwriters makes any representation as to the accuracy or completeness of the Feasibility Report.

Subject to the foregoing qualifications, following are certain conclusions excerpted from the Feasibility Report:

- Alamos Bay Marina benefits from a prime location that allows for reliable, consistent winds with little to no waves; ideal for all types of sailing as well as power boating. Relative to other marinas in the area, these characteristics make Alamos Bay relatively desirable and have contributed to historical occupancy rates that have exceeded market averages.
- Slip rental rates at Alamos Bay have averaged approximately 10% below rates charged by marinas in the comparable survey set gathered annually by Long Beach. However, when considering the marinas in closest proximity and with similar management structures, Alamos Bay rates are competitive at approximately 6.5% below the average of the comparable set.
- Market slip rental rates grew significantly through 2009, at an average of 4% to 8% per year. After the financial crisis and recession, this growth in rental rates has proven unsustainable. Since 2010, market rental rates have grown at around 2% annually on average. Rental rates for smaller slips have grown at around 1% annually, and for slips 35’ and above, they have grown at 2% to 2.5% annually.
- Interviews with marina operators indicate that expectations of annual rate increases over the next several years are in the 1% to 3% range, with lower annual increases predominating.
- Given the Project’s shift away from smaller slips and to larger slips, which responds to demand trends and reflects changes that have occurred throughout the market area, occupancy rates are expected to remain high—near full occupancy—through the forecast period.

- Marina Fund expenses grew at 1.9% annually between 2004 and 2014; 2.2% excluding debt service. To be conservative, the Feasibility Consultant projects 2.5% annual growth in expenses, in line with historical CPI-U inflation indices.
- In the Base Case, the Feasibility Consultant assumes 2% annual growth in rental rates throughout the forecast period, and occupancy stabilizing at 95% for slips 30' and under and 98% for slips 35' and over after the completion of the Project. Given these assumptions and the baseline debt service schedule, debt coverage ratios exceed 1.57x in all years.
- In the Market Level Case, the Feasibility Consultant assumes 3% annual growth in rental rates for a five-year period so that rates “catch up” to the adjusted market average, which is currently around 6.5% higher than Long Beach rates. Given these assumptions, market level case debt coverage ratios exceed 1.67x in all years.
- In the Stressed Case, the Feasibility Consultant assumes three years of zero rate growth and occupancy rates falling to 80% for smaller slips and 90% for larger slips. Given these assumptions, debt service coverage is cash flow sufficient in all years and exceeds 1.35x in all years following the three-year stressed period.
- Based on the contractors performance and progress to date, the Feasibility Consultant is confident that the Project can be delivered on time (by 2018) and within budget (\$109 million inclusive of all contingencies, permits and overhead costs).

DEBT SERVICE REQUIREMENTS

Annual debt service on the Bonds (assuming no redemptions of the Bonds) is presented below.

<u>Maturity</u> <u>(May 15)</u>	<u>Principal (1)</u>	<u>Interest</u>	<u>Total</u>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
TOTALS			

(1) Includes mandatory sinking fund payments.

THE BONDS

Authority for Issuance

The Bonds are authorized pursuant to the provisions of the City Charter and sections 3.52.110 *et seq.* of the Long Beach Municipal Code, the Resolution and the Indenture.

General Provisions

The Bonds will be dated as of their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the cover page of this Official Statement.

Repayment of the Bonds. Interest on the Bonds will be payable on May 15 and November 15 in each year, beginning November 15, 2015 (each an “Interest Payment Date”), to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest will be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds not less than 15 days preceding such special record date. Principal of any Bond will be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee in Los Angeles, California. Both the principal of and interest on the Bonds will be payable in lawful money of the United States of America.

The Bonds will bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to November 1, 2015, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

DTC as Registered Owner. The Bonds will initially be issued in book-entry only form, registered in the name of Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC. See “THE BONDS—Book-Entry Only System.”

Redemption

Optional Redemption. The Bonds maturing on or before May 15, _____, are not subject to optional redemption prior to maturity. The Bonds maturing on or after May 15, _____, are subject to redemption, at the option of the City on any date on and after May 15, _____, as a whole or in part, from any available

source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The City is required to give the Trustee written notice of its intention to optionally redeem Bonds at least forty-five (45) days prior to the date fixed for such redemption.

Sinking Fund Redemption. The Bonds maturing on May 15, _____, are also subject to mandatory sinking fund redemption in part by lot on May 15, _____, and on each May 15 thereafter, to and including May 15, _____, from Mandatory Sinking Account Payments made by the City at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (May 15)	Principal Amount to be Redeemed
--	------------------------------------

†Maturity

The Bonds maturing on May 15, _____, are also subject to mandatory sinking fund redemption in part by lot on May 15, _____, and on each May 15 1 thereafter, to and including May 15, _____, from Mandatory Sinking Account Payments made by the City at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (May 15)	Principal Amount to be Redeemed
--	------------------------------------

†Maturity

Notice of Redemption. Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the City, by the Trustee by providing a redemption notice at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds.

All notices of redemption are required to include (i) the redemption date, (ii) the Redemption Price, (iii) if fewer than all Outstanding Bonds are to be redeemed, the identification (and, in the case of

partial redemption, the respective principal amounts) of the Bonds to be redeemed, (iv) that on the redemption date the Redemption Price will become due and payable with respect to each such Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, and the place or places where such Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Principal Corporate Trust Office of the Trustee.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

Book-Entry Only System

The Bonds will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds so purchased. Individual purchases will be made in book-entry form. One fully registered Bond certificate will be issued for each series and maturity of the Bonds having the same interest rate, in the aggregate principal amount of such maturity and will be deposited with DTC. Purchasers will not receive a certificate representing their beneficial ownership interest in Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the “Beneficial Owners” of the Bonds. In this Official Statement, the term “Beneficial Owner” shall mean the person for whom a DTC Participant acquires an interest in the Bonds. See APPENDIX F—BOOK-ENTRY ONLY SYSTEM.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—BOOK-ENTRY ONLY SYSTEM.

SECURITY FOR THE BONDS

The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the principal of and interest on the Bonds. The Owners of the Bonds may not compel the exercise of the taxing power by the City or the forfeiture of its property. The principal of and interest on the Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Net Revenues of the Marina System.

Pledge of Net Revenues

The Bonds and any Parity Obligations shall be secured by a first pledge of all of the Net Revenues. In addition, the Bonds shall be secured by a pledge of all of the moneys in the Bond Fund, including all

amounts derived from the investment of such moneys. Such pledge shall constitute a lien on the Net Revenues and such other moneys for the payment of the principal of and interest on the Bonds and any Parity Obligations in accordance with the terms hereof. The Bonds and any Parity Obligations shall be equally secured by a pledge, charge and lien upon the Net Revenues, without priority for number or date thereof, shall be and are secured by an exclusive pledge, charge and lien upon the Net Revenues and such moneys. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys shall not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

The Indenture defines “Marina System” as the entire marina system of the City, consisting of the Shoreline Marina, the Rainbow Marina and the Alamitos Bay Marina, and comprising any and all facilities, properties and improvements at any time owned, controlled or operated by the City and any necessary lands, rights of way and other real or personal property used in connection therewith and any new marinas established by the City and accounted for under the Marina Fund.

The Indenture defines “Net Revenues” as, with respect to any period, the amount of the Gross Revenues received during such period less the amount of Operation and Maintenance Costs becoming payable during such period.

The Indenture defines “Gross Revenues” as all gross charges received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Marina System or otherwise arising from the Marina System, including but not limited to investment earnings thereon.

The Indenture defines “Operation and Maintenance Costs” as the reasonable and necessary costs and expenses paid by the City for maintaining and operating the Marina System, including but not limited to (a) costs of electricity and other forms of energy supplied to the Marina System, (b) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Marina System in good repair and working order, (c) the reasonable administrative costs of the City attributable to the operation and maintenance of the Marina System; but in all cases excluding (i) debt service payable on obligations incurred by the City with respect to the Marina System, including but not limited to the Bonds and any Parity Obligations, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

NEITHER THE BONDS NOR THE OBLIGATION TO PAY PRINCIPAL OF OR INTEREST THEREON CONSTITUTES A DEBT OR A LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF NET

REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

Bond Reserve Account

Initial Deposit into the Bond Reserve Account. On the date of issuance of the Bonds, an amount equal to the “Bond Reserve Requirement” for the Bonds will be deposited in the Bond Reserve Account from Bond proceeds.

Definition of Bond Reserve Requirement. The Indenture defines “Bond Reserve Requirement” as an amount equal to the least of maximum annual debt service on the Bonds, 125% of average annual debt service on the Bonds, and 10% of the principal amount of the Bonds, which amount shall initially be \$_____ on the Closing Date. The amount of the Bond Reserve Requirement shall not be reduced unless the Bonds are partially refunded or redeemed, in which such amount shall be reduced to an amount equal to the maximum annual debt service on the Bonds not so refunded, as specified in a Certificate of an Authorized Representative of the City delivered to the Trustee.

Relationship to Parity Obligations. The Bond Reserve Account shall be held by the Trustee in trust solely for the benefit of the Owners of the Bonds and shall not be available to secure Parity Obligations.

Use of Moneys in the Bond Reserve Account. All money in the Bond Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the City is not in default under the Indenture, any amount in the Bond Reserve Account in excess of the Bond Reserve Requirement will be withdrawn from the Bond Reserve Account semiannually on or before two Business Days preceding each May 15 and November 15 by the Trustee and deposited in the Interest Account. All amounts in the Bond Reserve Account on the Business Day preceding the final Interest Payment Date will be withdrawn from the Bond Reserve Account and will be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made from the Bond Reserve Account.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Marina Fund. All Gross Revenues shall be held in trust by the City in the Marina Fund and shall be applied, transferred, used and withdrawn only for the following purposes:

Operation and Maintenance Costs. The City shall first pay from the moneys in the Marina Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable.

Payment of Debt Service. On or before the 5th Business Day preceding each Interest Payment Date, the City shall withdraw from the Marina Fund and (A) transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund, the Interest Account, the Principal Account (other than amounts required for payment of principal of or interest on any Bonds which have matured or been called for redemption but which have not been presented for payment), is equal to the aggregate amount of

principal of and interest coming due and payable on the Bonds on the next succeeding Interest Payment Date and (B) transfer to the Trustee an amount equal to the aggregate amount of principal of and interest coming due and payable on any Parity Obligations on the next succeeding Interest Payment Date.

Bond Reserve Account. After making the payments, allocations and transfers provided for above, (A) if the balance in the Bond Reserve Account is less than the Bond Reserve Requirement, the notice of which deficiency shall have been given by the Trustee to the City, or (B) if the balance in a bond reserve account, if any, established for any Parity Obligations is less than the bond reserve requirement established for such Parity Obligations, the notice of which deficiency shall have been given to the City, the deficiency shall be restored by transfers from the first moneys which become available in the Marina Fund to the Trustee for deposit in the Bond Reserve Account and for deposit in the bond reserve requirement established for such Parity Obligations, such transfers to be made no less than semiannually.

Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above in subsections (ii) and (iii), inclusive, any moneys remaining in the Marina Fund shall, as long as the Bonds or any Parity Obligations are outstanding, be treated as surplus and applied for any lawful purpose of the Marina Fund, including for the redemption of Bonds and shall not be transferred for any other City purpose.

Application of Net Revenues. On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds and any Parity Obligations then Outstanding;

Second: to the Principal Account, the aggregate amount of principal or sinking fund installment becoming due and payable on the Outstanding Bonds and any Parity Obligations on the next succeeding Interest Payment Date, if any; and

Third: to the Bond Reserve Account and to the bond reserve fund established for Parity Obligations, if any, the aggregate amount of each prior withdrawal from the Bond Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account; provided that no deposit need be made into the Bond Reserve Account so long as the balance in said account shall be at least equal to the Bond Reserve Requirement.

Application of Interest Account

All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds and any Parity Obligations as it shall become due and payable

(including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

Application of Principal Account

All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal or sinking fund installments of the Bonds and any Parity Obligations when due and payable.

Application of Bond Reserve Account

All amounts in the Bond Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of (a) paying interest on or principal of the Bonds when due and payable to the extent that moneys deposited in the Interest Account or Principal Account, respectively, are not sufficient for such purpose, and (b) making the final payments of principal of and interest on the Bonds. On the date on which all Bonds shall be retired hereunder or provision made therefor pursuant to the Indenture, all moneys then on deposit in the Bond Reserve Account shall be withdrawn by the Trustee and paid to the City. Moneys in the Bond Reserve Account may only be used to cure insufficiencies in the Interest Account or Principal Account relating to the Bonds. Moneys in a bond reserve account established for Parity Obligations, if any, may only be used to cure insufficiencies in the Interest Account or Principal Account relating to such Parity Obligations.

Amounts in the Bond Reserve Account shall be valued by the Trustee not less often than semi-annually. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Account are less than the Bond Reserve Requirement, the City covenants and agrees that it will, within twelve months thereof, increase the amount therein to the Bond Reserve Requirement. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Account are in excess of the Bond Reserve Requirement, the Trustee shall notify the City of the amount of such excess and shall, as directed by the City, withdraw all or a portion of such excess amount and transfer such amount to the Interest Account.

At any time, moneys on deposit in the Bond Reserve Account may be substituted by the City with a Qualified Reserve Fund Credit Instrument, in an amount equal to the Bond Reserve Requirement, upon presentation to the Trustee of such Qualified Reserve Fund Credit Instrument. Upon such substitution, the Trustee shall transfer amounts on deposit in the Bond Reserve Account to the City for deposit in Project Fund, prior to the completion of the Project, and thereafter to the Interest Account. If a Qualified Reserve Fund Credit Instrument is purchased, the City will have no obligation to replace it if the rating of the provider of the Qualified Reserve Fund Credit Instrument is subsequently downgraded.

Rate Covenant

Covenant Regarding Gross Revenues. The City covenants to budget in a manner that fixes, prescribes and revises rates, fees and charges for the Marina System as a whole for the services and improvements furnished by the Marina System once for each Fiscal Year which are at least sufficient, after making allowances for contingencies and errors in the estimates, to yield Gross Revenues that are sufficient to pay the following amounts in the following order of priority:

(i) all anticipated Operation and Maintenance Costs of the Marina System for such Fiscal Year;

(ii) Debt Service payments on the Bonds and any Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or such Parity Obligations, as applicable, or from any other source of legally available funds of the City that have been deposited with the Trustee or otherwise segregated for purposes prior to the commencement of such Fiscal Year (not including a debt service reserve fund); and

(iii) the amount, if any, required to restore the balance in the Bond Reserve Account, and in any reserve account established for Parity Obligations, to the full amount of the Bond Reserve Requirement and the reserve requirement with respect to any such Parity Obligations;

(iv) all other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from the Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In addition, the City covenants to budget in a manner that fixes, prescribes and revises rates, fees and charges for the Marina System once for each Fiscal Year which are sufficient to yield (i) Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the total Debt Service Payments on the Bonds and on any Parity Obligations coming due and payable in such Fiscal Year, and (ii) Net Revenues which are at least equal to one hundred fifteen percent (115%) of the sum of (A) the total Debt Service Payments on the Bonds and on any Parity Obligations and (B) the payments with respect to any Subordinate Obligations due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues

No Obligations Superior to Bonds or Parity Obligations. In order to protect further the availability of the Net Revenues and the security for the Bonds and any Parity Obligations, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a senior basis to the Bonds or such Parity Obligations that are payable out of the Net Revenues in whole or in part.

Parity Obligations. The City further covenants that, except for obligations incurred to prepay or post a security deposit for the payment of the Bonds or Parity Obligations, for which no test is required other than the requirements that there are resulting debt service savings in each year, the City may issue or incur Parity Obligations during the term of the Bonds if:

(a) No Event of Default shall have occurred and be continuing under the Indenture;

(b) The City demonstrates that:

(i) Net Revenues, calculated in accordance with generally accepted accounting procedures, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive twelve (12) month period selected by the City, calculated by the City, are at least equal to (A) 1.25 times Maximum Aggregate Annual Debt Service on the Bonds and on all Parity Obligations then outstanding (including the Parity Obligations proposed to be issued), and (B) 1.15 times

Maximum Aggregate Annual Debt Service on the Bonds and on all Parity Obligations then outstanding (including the Parity Obligations proposed to be issued), and all outstanding Subordinate Obligations, or

(ii) Net Revenues (as described below), calculated by the City or, if desired by the City, calculated by an Independent Account or financial consultant, are at least equal to (A) 1.25 times Maximum Aggregate Annual Debt Service on the Bonds and on all Parity Obligations then outstanding (including the Parity Obligations proposed to be issued), and (B) 1.15 times Maximum Aggregate Annual Debt Service on the Bonds and on all Parity Obligations then outstanding (including the Parity Obligations proposed to be issued), and all outstanding Subordinate Obligations, commencing with the first full Fiscal Year following the completion of the expansion project, as evidenced by a Certificate of the City.

The projections described in (ii) above may take into account (A) only increases in the charges made for service from the Marina System adopted by the City prior to the date of issuance or incurrence of such Parity Obligations and which are scheduled to be effective within 36 months following the date of issuance or incurrence of such Parity Obligations, and (B) an allowance for Net Revenues from any additions or connections to or improvements or extensions of the Marina System, all in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, connections, improvements or extensions.

(c) The Parity Obligations shall be payable as to principal on May 15 in each year in which principal becomes due, and shall be payable as to interest semiannually on May 15 and November 15, except that the first installment of interest may be payable on either May 15 or November 15.

(d) The Trustee shall act as trustee for such Parity Obligations.

(e) The City may, but shall not be required to, fund a reserve fund or obtain a Qualified Reserve Fund Credit Instrument with respect to any Parity Obligations. If a reserve fund is funded for any Parity Obligations or a Qualified Reserve Fund Credit Instrument is obtained with respect to any Parity Obligations, such funded reserve fund or Qualified Reserve Fund Credit Instrument shall secure only the related Parity Obligations and shall not support the Bonds or any other Parity Obligations.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the Bonds and Parity Obligations to the extent required; provided, however, that the City shall not issue or incur any Subordinate Obligations unless Net Revenues, calculated in the same manner as described in paragraph (b) above, are equal to at least 100% of the sum of the Debt Service and debt service obligations on all Subordinate Obligations outstanding immediately subsequent to the incurring of such additional obligations.

THE CITY

The City is a municipal corporation and chartered city of the State and encompasses approximately 52 square miles of coastal area located on the southern edge of Los Angeles County (the "County"). With a population as of January 1, 2014, of approximately 470,292, it is the second largest city in the County and the seventh largest city in the State. The City's climate is mild, with temperatures ranging from an average of 54 degrees in January to 72 degrees in July. Precipitation averages 12.1 inches

per year. The center of the City is 22 miles south of downtown Los Angeles, 450 miles south of San Francisco and 110 miles north of San Diego. The City has long been a major industrial center and popular beach resort area. The Port of Long Beach (the “Port”), along with its related commercial activities, contributes to the strength to the local economy.

The City was originally incorporated in 1888, and, after a short period of disincorporation, was reincorporated on December 13, 1897. Since 1907, the City has been governed as a charter city. The present City charter was originally adopted in 1921 and has been amended from time to time.

The City operates under the council-manager form of government with a nine-member City Council (the “City Council”). City Council members are nominated and elected by district to serve four-year terms, with a maximum of two such terms. The Mayor is nominated and elected by the City at large. The Vice-Mayor is elected by the City Council from among its members. Other city-wide elected offices are City Attorney, City Auditor and City Prosecutor.

The City Manager is appointed by and serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices noted above and the following three semi-autonomous commissions: Civil Service Commission, Board of Water Commissioners and Board of Harbor Commissioners.

The City currently employs approximately 5,179 persons within 21 departments. The police department consists of 1,254 uniformed officers and supporting personnel. The fire department operates 23 fire stations with approximately 515 fire fighters, officers and employees.

In 1931, a Charter amendment was passed which created the Board of Water Commissioners and authorized the City to join the Metropolitan Water District of Southern California. These decisions sought to ensure an adequate water supply for the City.

Within the framework of the City’s General Plan, orderly growth and development of the City is controlled by a three-step planning and budgetary process utilizing the following instruments: the annual budget, the six-year Capital Improvement Program and the five-year Long Range Financial Plan.

See APPENDIX D—GENERAL INFORMATION REGARDING THE CITY OF LONG BEACH.

THE MARINA SYSTEM

General

The Marina System consists of a commercial harbor, Rainbow Harbor and three recreational marinas consisting of the Long Beach Shoreline Marina, the Rainbow Marina and the Alamitos Bay Marina, and comprising any and all facilities, properties and improvements at any time owned, controlled or operated by the City and any necessary lands, rights of way and other real or personal property useful in connection therewith and any new marinas established by the City and accounted for under the Marina Fund. Bond proceeds will address only the needs of the recreational marinas. Alamitos Bay Marina, Shoreline Marina, and Rainbow Marina together comprise one of the world’s largest municipally-run

marinas. Rainbow Marina and Shoreline Marina are located near downtown Long Beach on Queensway Bay, and Alamitos Bay Marina is three miles to the east. Harbor Light Landing, across Queensway bay from Rainbow and Shoreline, is a small private marina that offers guest slips to transient boaters. In total, there are three public and one private marina in Long Beach Harbor, offering over 3,500 slips of which 3,335 are part of the Marina System.

Facilities

Alamitos Bay Marina is located in the Naples and Belmont Shore area, near many beaches and amenities that appeal to boaters. Vessels are protected by a series of offshore breakwaters and a natural bay which allows for reliable, consistent winds with little to no waves; ideal for all types of sailing as well as power boating. Customers appreciate the rapid access to open water and the close proximity to Catalina Island. Sailing/boating conditions in the City are practically perfect year round. The City has been and continues to be the home of the Congressional Cup and Transpac sailing races, which draw international competitors. There are the residential islands to quietly explore, and destinations such as Catalina Island, Marina del Rey, Dana Point and world class fishing opportunities are 25 to 60 miles away. The nearby 2nd Street area of Long Beach features restaurants and shopping. Alamitos Bay Marina presently features a total of 1,932 slips in its eight basins. Prior to the rebuild work on basins 1, 4, 5, and 8 completed since 2011, there were a total of 1,997 slips at Alamitos Bay. Most of the reduction to date (65 slips) is accounted for in the 20-foot slip size category. After the completion of the rebuild of basins 2, 3, 6, and 7, the marina will have a total of 1,655 slips, a further reduction of 277 slips. The following table presents total slip counts by size prior to the rebuild of basins 1, 4, 5, and 8, currently and after the proposed rebuild of basins 2, 3, 6, and 7.

Table 1
Slip Distribution by Size at Alamitos Bay After Rebuild

Length (feet)	Prior to Rebuild	Current	After Rebuild	Difference
15	0	0	4	4
20	445	381	159	-222
25	369	340	235	-105
30	429	440	238	-202
35	238	247	318	71
40	278	276	389	113
45	94	115	112	-3
50	90	95	129	34
55	1	1	3	2
60	23	23	37	14
65	0	0	1	1
70	14	14	14	0
75	5	5	5	0
80	16	16	2	-14
90	0	1	2	1
95	2	2	2	0
100	3	3	3	0
105	2	2	2	0
115	1	1	1	0
TOTAL	2,010	1,962	1,655	-342

Source: Feasibility Report.

The proposed rebuild will reduce the number of slips 35' and under by 523 and increase the number of slips 40' and longer by 181, which responds to long-term trends showing increased demand for larger slips and lower demand for smaller slips. See APPENDIX G—FEASIBILITY REPORT for a detail of the number of slips of each size in each basin after the rebuild.

The Alamitos Bay Marina includes recreational boating slips and other structures. Located within the Marina are several businesses:

- Alamitos Bay Fuel Dock is leased to the Boulder Group and provides fuel, minor repairs, towing services and has sundry items for sale.
- Alamitos Bay Landing and the Alamitos Bay Marina Center are leased to BANCAP and are shopping/retail centers, with restaurants such as Joe's Crab Shack and the Crab Pot.
- The Harbormaster's Dock, is utilized by traveling boaters and boaters in distress.
- Berth's 1, 2 and 3, each provide 110-feet of dock space. Berth 3 will be home to the AquaLink, which is an aqua bus operated by Long Beach Transit during the summer months.
- North and South Long Docks, which are a part of the Marina System and are located on the waterside of the Alamitos Bay Landing retail center, with a combination of commercial docks and public docking areas, whose primary purpose is to supplement business within Alamitos Bay Landing.
- A Marina shipyard is located within the Alamitos Bay Marina.
- Two yacht clubs, including the Long Beach Yacht Club, which leases property and whose members are very active in the boating community, bringing various national and international sailing events into Long Beach, and the Navy Yacht Club, who provides boating opportunities to both military personnel and civilians.

Shoreline Marina and Rainbow Marina. Located on Queensway Bay, Shoreline Marina and Rainbow Marina are adjacent to each other and near shopping, restaurants and attractions in Shoreline Village and The Pike. Within walking distance of these two marinas are the Long Beach Convention Center and Pine Avenue in downtown Long Beach, featuring dining, shopping, and nightlife. Shoreline Marina and Rainbow Marina were reconfigured and refurbished during the 2005-2010 period. Currently, there are a total of 1,592 slips in the Shoreline Marina and 90 slips in the Rainbow Marina. The following table presents slip breakdowns by size at both Shoreline and Rainbow, as well as at Alamitos Bay (after the rebuild project). It also presents totals for all three of the public marinas.

Table 2
Slip Distribution by Size at Shoreline, Rainbow, and Alamitos Bay

Length (feet)	Shoreline	Rainbow	Alamitos Bay (1)	Total	Share
15	0	0	4	4	0.12%
20	0	0	159	159	4.76
25	9	0	235	246	7.31
30	503	45	238	786	23.55
35	436	13	318	769	22.98
40	387	19	389	763	23.82
45	144	10	112	265	7.97
50	77	0	129	237	6.17
55	1	0	3	4	0.12
60	35	1	37	73	2.19
65	0	0	1	1	0.03
70	0	0	14	14	0.42
75	0	0	5	5	0.15
80	0	2	2	4	0.12
90	0	0	2	2	0.06
95	0	0	2	2	0.06
100	0	0	3	3	0.09
105	0	0	2	2	0.06
115	0	0	1	1	0.03
TOTAL	1,592	90	1,655	3,335	100.0%

Source: Feasibility Report.

(1) The figures in this table reflect the distribution of slips after the rebuild is completed

Management and Employees

The Marine Bureau within the City’s Parks, Recreation and Marine Department is administered by a manager who oversees the operation and maintenance of the City’s beaches and waterways which includes operations and maintenance staff for the Marina System. The Marine Bureau is comprised of three divisions: Beach Maintenance, Marine Maintenance and Marine Operations. Operations staff includes the Superintendent of Marina Operations, clerical support, an accounting clerk, three Marina Supervisors, eleven Marina Agents and part-time Marina Aides. Maintenance staff includes the Superintendent of Marine Maintenance, clerical support and various trade positions including electricians, carpenters and plumbers. The Marine Patrol Division of the City’s Police Department provides 24-hour, 7-day a week security at the three sites. The Marine Safety Division of the City’s Fire Department provides 24-hour, 7-day a week environmental compliance, paramedic and water and fire safety services. Approximately 11 City employees provide services to the Marina System including the Financial Management Department and the Public Works Department.

The Marine Advisory Commission provides citizen oversight and is charged with enhancing and preserving beaches, waterways, and marina-related facilities but has no management responsibilities for the Marina System or rate setting authority.

The Marina System is served by a total of approximately 102 employees who are represented by various bargaining units. The expiration of each Memorandum of Understanding (MOU) is listed in the following table:

Bargaining Unit	Number of Employees	Contract Expiration
International Association of Machinists and Aerospace Workers	87.02	9/30/2014*
Lifeguards Association	7.00	9/30/2015
Long Beach Management Association	5.20	9/30/2015
Firefighters Association	1.50	9/30/2016
Police Officers Association	1.00	9/30/2016

*Contract renewal in negotiation.

The employees of the Marina System do not work for the tenants of the Marina System and therefore any work stoppage related to the tenants would not affect the collection of Gross Revenues. Marina employees receive retirements benefits under the City’s Miscellaneous Plan. Marina System employees are not employed by the City’s Port facilities and were not impacted by the recent port work stoppages throughout California.

Rates

Slip rates are based on the City's costs for operating and maintaining the Marina System, and on projected amounts required for the Marina capital improvement program.

Current Rate Structure. The current rental rates at the three marinas per month by slip size are shown in the following table:

Table 3
Slip Sizes and Current Rates

<u>Slip Size in Feet</u>	<u>Monthly Rate</u>
15	\$ 138.67
20	\$ 183.99
25	\$ 287.36
30	\$ 413.84
35	\$ 527.41
40	\$ 653.90
45	\$ 770.13
50	\$ 881.24
55	\$1,039.61
60	\$1,134.16
65	\$1,273.36
70	\$1,412.04
75	\$1,564.56
80	\$1,716.52
85	\$1,881.23
90	\$2,046.00
95	\$2,223.48
100	\$2,401.01
105	\$2,591.30
110	\$2,781.65
115	\$2,984.70
120	\$3,187.75

Source: The City of Long Beach.

The Marine Bureau issues slip permits, collects fee security deposits and cancels slip permits for nonpayment of fees. The City maintains an automated billing and collection system to prepare monthly billings and process receipts. It follows an established procedure which assesses a 10% penalty for a first month of delinquency; a second month of delinquency results in a slip permit cancellation. The City's Department of Financial Management follows up on delinquencies through the use of skip tracing, court action, collection agencies and credit reporting. Historically, delinquencies have averaged about 3% per month.

Slip revenue for the last five Fiscal Years is shown in the following table.

**Table 4
Total Slip Revenue**

Marina	2009-10	2010-11	2011-12	2012-13	2013-14
Alamitos Bay	\$ 8,728,519	\$ 7,947,251	\$ 7,643,580	\$ 7,767,353	\$ 8,569,541
Shoreline	10,004,435	9,875,729	10,190,922	10,224,341	10,283,591
Rainbow	561,858	627,699	628,606	601,515	575,704
Total	\$19,294,812	\$18,450,679	\$18,463,108	\$18,593,209	\$19,428,836

Source: City of Long Beach.

In addition to marina facilities related to boat slips, the Marina System derives income from fees and concessions charged to commercial establishments located within the Marina System. A summary of rental and concession revenues for the last five Fiscal Years is shown in the following table.

**Table 5
Total Rental and Concession Revenue**

Source	2009-10	2010-11	2011-12	2012-13	2013-14
Rentals /Concessions	\$1,743,851	\$1,239,584	\$1,568,376	\$1,210,491	\$1,401,821
Miscellaneous Revenue	493,354	460,166	364,802	364,924	348,357
Total	\$2,237,205	\$1,699,750	\$1,933,178	\$1,575,415	\$1,750,178

Source: City of Long Beach.

Rate Increases

Historical Rates Increases. The City's most recent rate increase took effect in October 2014. The table below sets forth historical rate increases since Fiscal Year 2010-11.

**Table 6
Historic Rate Increases**

Fiscal Year	Rate Increase
2010-11	0%
2011-12	4.4%
2012-13	2.0%
2013-14	2.5%/1.5% (1)
2014-15	2.5%/1.5% (1)

Source: City of Long Beach.

(1) 2.5% for concrete slips and 1.5% for wood slips.

Proposed Rates Increases. The table below sets forth anticipated rate increases over the next five Fiscal Years.

**Table 7
Projected Rate Increases**

Fiscal Year	Rate Increase
2015-16	2%
2016-17	2%
2017-18	2%
2018-19	2%
2019-20	2%

Source: City of Long Beach.

Proposed rates are presented to a Marine Advisory Commission which solicits public input. Recommendations are then forwarded for inclusion in each year’s budget and for approval by the City Council. The projected rates shown above have not yet been presented to the Marine Advisory Commission or the City Council.

Competition

In addition to the Marina System, there are several other harbors in the Southern California region that offer recreation slips. The following table summarizes the total number of slips in each of the major Southern California mainland harbors. The harbors are listed north to south.

**Table 8
Summary of Slip Counts in Southern California Harbors**

Harbor	Distance from Alamitos bay	Number of Marinas	Total Number of Slips
Santa Barbara Harbor	120 miles	4 public	1,133
Ventura Harbor	92 miles	3 private	1,375
Channel Islands Harbor (Oxnard)	90 miles	2 public, 7 private	2,400
Marina Del Rey	33 miles	2 public, 18 private	4,731
King Harbor (Redondo Beach)	22 miles	4 private	1,458
Los Angeles Harbor	13 miles	17 private	3,645
Long Beach Harbor	—	3 public, 1 private	3,842(1)
Huntington Harbor	3 miles	4 private	2,500
Newport Harbor	16 miles	1 public, 15 private	2,119
Dana Point Harbor	33 miles	3 public	2,900
Oceanside Harbor	64 miles	1 public	950
Mission Bay	99 miles	11 private	1,350
San Diego Bay	109 miles	21 private	9,000
Total		16 public, 101 private	37,000

Source: Feasibility Report.

(1) Includes current number of slips at Alamitos Bay.

The 2014 rental rates at the City’s three marinas per linear foot per month as compared to rates for comparable Southern California marinas are shown in the following table:

**Table 9
Comparison of Marina System Slip Rates Compared to Comparable Southern California Marinas**

Slip Size	Marina System Rate	Comparable Marinas Average Rate
<29	\$11.26	\$12.18
30	\$13.51	\$14.55
35	\$14.76	\$16.26
40	\$16.01	\$17.47
45	\$16.76	\$18.46
50	\$17.26	\$19.47
60	\$18.51	\$20.62
70	\$19.76	\$21.76
80	\$21.02	\$22.98

Source: Feasibility Report.

The table shows that, averaged across all slip sizes, the City’s rates were approximately 9% below the average for the comparable set used in the rate survey.

See APPENDIX G—FEASIBILITY REPORT for more analysis on the competing marinas in Southern California.

Demand; Waiting Lists

The following table presents the historical occupancy rate of slips in the Marina System:

**Table 10
Historical Occupancy Rate by Slip Size**

Year	Slip Size (in feet)								TOTAL
	20	25	30	35	40	45	50	55+	
2014	100%	90%	87%	94%	95%	89%	100%	99%	93%
2013	100%	94%	96%	99%	100%	99%	100%	100%	98%
2012	100%	100%	100%	99%	100%	100%	100%	100%	100%
2011	96%	100%	97%	92%	93%	100%	92%	100%	96%
2010	100%	99%	99%	100%	99%	94%	97%	97%	99%
2009	100%	97%	100%	100%	100%	100%	100%	100%	99%
2008	100%	100%	100%	98%	100%	99%	100%	100%	100%
2007	100%	100%	100%	97%	99%	98%	100%	100%	99%
2006	100%	100%	99%	95%	97%	98%	96%	97%	98%
Average	99%	98%	98%	97%	98%	97%	98%	99%	98%

Source: Feasibility Report.

The following table presents the length of the waiting list by slip size for the Marina System, as of June 30 in each year reported.

Table 11
Length of Waiting List by Slip Size

Year	20	25	30	35	40	45	50	55+	TOTAL
2014	35	4	5	7	2	1	5	11	70
2013	21	9	0	2	10	11	18	42	113
2012	34	25	15	29	56	26	65	74	324
2011	21	26	24	39	57	32	60	64	323
2010	10	22	8	30	17	6	48	70	211
2009	28	49	19	26	32	54	44	89	341
2008	25	56	49	60	66	83	64	101	504
2007	45	144	63	108	142	106	79	131	818
2006	37	139	177	110	174	99	65	97	898
Average	28	53	40	46	62	46	50	75	400

Source: Feasibility Report.

The table shows that the number of potential slip renters on the waiting list decreased from 898 in 2006 to 324 in 2012 and 70 in 2014. Although there has been a decline in excess slip demand since 2008, much of this impact is due to the fact that the City has not been accepting new waiting list members during the reconfigurations.

The following table relates the length of waiting lists at each slip size to the total number of slips of each size.

Table 12
Marina System Length of Waiting List as Share of Number of Slips by Size

Year	20	25	30	35	40	45	50	55+	TOTAL
2014	9%	1%	1%	1%	0%	0%	3%	10%	2%
2013	6%	3%	0%	0%	1%	4%	10%	39%	3%
2012	9%	7%	2%	4%	8%	10%	38%	69%	9%
2011	6%	7%	2%	6%	8%	12%	35%	60%	9%
2010	3%	6%	1%	4%	2%	2%	28%	65%	6%
2009	7%	14%	2%	4%	5%	20%	26%	83%	9%
2008	7%	16%	5%	9%	10%	31%	37%	94%	14%
2007	12%	41%	6%	16%	21%	39%	46%	122%	22%
2006	10%	40%	18%	16%	26%	37%	38%	91%	25%
Average	7%	15%	4%	7%	9%	17%	29%	71%	11%

Source: Feasibility Report.

The table demonstrates that over the past several years, there has been more excess demand for larger slips than for smaller slips. For 50-foot slips, the length of the waiting list has averaged 29% of the total number of slips in that size category, while for 30-foot slips, the length of the waiting list has only averaged 4% of the total number of slips in the Marina System. As the reconfiguration of Basins 2, 3, 6 and 7 will reduce the number of slips 30' and under by 527 and increase the number of slips 35' and longer by 218, these ratios will tend to converge.

Capital Improvement Plan

Future capital improvement projects (other than those to be financed from the proceeds of the Bonds) include, but are not limited to, those listed below.

- Renovation of three boat owner restrooms, which includes refurbishment of existing roof and utilities.
- Replacement of nine boat owner restrooms to include construction of new ADA compliant facility.
- Parking lot improvements which include sidewalk repairs, paving and stripping of the lots and landscaping.
- Design, fabrication and installation of a new fuel site dock.
- Design, fabrication and installation of Berths 1 and 2
- Design, fabrication and installation of a new north and south long dock; commercial area

The annual Marina Fund surplus will be dedicated to funding the projects as the surplus accumulates over time. No other financing is contemplated by the City at this time and none has been reflected in the Feasibility Report.

Marina Fund

Financial statements for the Marina Fund are included in the City's financial statements. See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014.

Historical Revenues, Expenses and Debt Service Coverage

The following table presents Marina System revenues and expenses for each of the five fiscal years ended September 30, 2010, through September 30, 2014.

Table 13
Historical Revenues, Expenses, Debt Service and Debt Service Coverage
Fiscal Year ended September 30,

	Fiscal Year Ended				
	2010	2011	2012	2013	2014
GROSS REVENUES					
Slip Revenue					
Alamitos Bay Marina	\$ 8,728,519	\$ 7,947,251	\$ 7,643,580	\$ 7,767,353	\$ 8,569,541
Shoreline Marina	10,004,435	9,875,729	10,190,922	10,224,341	10,283,591
Rainbow Marina	561,858	627,699	628,606	601,515	575,704
Total Slip Revenue	\$19,294,812	\$18,450,679	\$18,463,108	\$18,593,209	\$19,428,836
Other Revenue	2,237,205	1,699,750	1,933,178	1,575,415	1,750,178
Total Gross Revenue	\$21,532,017	\$20,150,429	\$20,396,286	\$20,168,624	\$21,179,014
EXPENSES	\$13,409,071	\$13,637,695	\$13,393,892	\$13,327,146	\$13,193,110
Net Revenues	\$ 8,122,946	\$ 6,512,734	\$ 7,002,394	\$ 6,841,478	\$ 7,985,904
DBW Marina Loan Debt Service (1)	\$ 2,998,659	\$ 2,940,718	\$ 2,695,730	\$ 2,833,599	\$ 3,979,204
Debt Service Coverage	2.71x	2.21x	2.60x	2.41x	2.00x
Net Revenue After Debt Service	\$ 5,124,287	\$ 3,572,016	\$ 4,306,664	\$ 4,007,879	\$ 4,006,700

Source: City of Long Beach.

(1) A portion of the DBW Marina Loan debt service, netted from these amounts, was paid from a source other than the Marina Fund.

Projection of Revenues, Expenses and Debt Service Coverage

Estimated projected operating results and debt service coverage for the Marina System for the current and next four Fiscal Years are set forth below. Certain assumptions have been made by the City in the development of the projections. While the City believes its assumptions are reasonable, there can be no assurance that the assumed conditions will in fact occur. The City's projections may be affected (favorably or unfavorably) by unforeseen future events. Therefore, the results projected below cannot be assured. See APPENDIX G—FEASIBILITY REPORT.

Table 14
Projection of Revenues, Expenses, Debt Service and Debt Service Coverage
Fiscal Years Ended September 30,

	Fiscal Year Ended				
	2015	2016	2017	2018	2019
GROSS REVENUES					
Slip Revenue (1)					
Alamitos Bay Marina	\$ 7,397,261	\$ 7,545,207	\$ 8,615,049	\$10,094,734	\$10,094,734
Shoreline Marina	10,611,945	10,824,183	11,040,667	9,949,693	9,949,693
Rainbow Marina	580,472	592,082	603,924	537,861	537,861
Total Slip Revenue	<u>\$18,589,678</u>	<u>\$18,961,472</u>	<u>\$20,259,640</u>	<u>\$20,582,288</u>	<u>\$20,582,288</u>
Other Revenue	2,243,991	2,343,950	2,503,193	2,553,257	2,604,322
Total Gross Revenue	<u>\$20,833,669</u>	<u>\$21,305,422</u>	<u>\$22,762,833</u>	<u>\$23,135,544</u>	<u>\$23,186,609</u>
EXPENSES (2)					
Maintenance	\$ 4,406,816	\$ 4,516,987	\$ 4,429,911	\$ 4,540,659	\$ 4,654,176
Parks & Recreation Operations	4,959,695	5,083,688	5,210,780	5,341,050	5,474,576
Security	2,701,666	2,769,207	2,838,437	2,909,398	2,982,133
Marine Safety/Lifeguards	1,645,466	1,686,582	1,728,746	1,771,965	1,816,264
Other	599,291	614,273	629,630	645,371	661,505
Total Expenses	<u>\$14,312,914</u>	<u>\$14,670,737</u>	<u>\$14,837,505</u>	<u>\$15,208,443</u>	<u>\$15,588,654</u>
Net Revenues	<u>\$ 6,520,755</u>	<u>\$ 6,634,686</u>	<u>\$ 7,925,327</u>	<u>\$10,629,976</u>	<u>\$10,766,534</u>
Debt Service					
DBW Debt Service (3)	—	—	—	—	—
Bond Debt Service (4)	—	\$ 2,885,435	\$ 4,302,675	\$ 6,763,050	\$ 6,850,250
Total Debt Service (4)	—	<u>\$ 2,885,435</u>	<u>\$ 4,302,675</u>	<u>\$ 6,763,050</u>	<u>\$ 6,850,250</u>
Debt Service Coverage (4)	—	2.30x	1.84x	1.57x	1.57x
Net Revenue After Debt Service	\$ 6,520,755	\$ 3,749,251	\$ 3,622,652	\$ 3,866,926	\$ 3,916,284

Source: Feasibility Report and City of Long Beach.

- (1) Slip revenue is assumed to increase 2% per year. It is anticipated that occupancy rates for the smaller slip sizes will continue to be extremely high and that demand for larger slips will continue to exceed supply. Revenue projections assume Project completion on schedule and within budget.
- (2) Expenses are projected to increase 2.5% per year.
- (3) All DBW Marina Loans will be prepaid from the proceeds of the Bonds. DBW Marina Loans payments are made in August of each year so no payments will be made in fiscal year 2015.
- (4) Preliminary, subject to change. Debt service in 2016 and 2017 is net of capitalized interest.

RISK FACTORS RELATING TO THE BONDS

Payment of principal of and interest on the Bonds depends primarily upon the revenues derived from operation of the Marina System. Some of the events which could affect the revenues received by the Marina System are set forth below. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order in which the risks are discussed does not necessarily reflect the relative importance of the various risks.

Rate Covenant Not a Guarantee; Failure to Meet Projections

The ability of the City to make the debt service payments required to be made by it under the Indenture depends on the ability of the City to generate Net Revenues at the levels required by the Indenture. Although, as more particularly described herein, the City expects that sufficient revenues will be generated through the imposition and collection of fees and charges described herein, there is no assurance that such imposition of such fees and charges will result in the generation of Net Revenues in the amounts sufficient to pay principal of and interest on the Bonds. As a result, the City may be unable to comply with the covenants regarding generation of revenues and the City's covenant does not constitute a guarantee that sufficient Net Revenues will be available to pay the principal of and interest on the Bonds. In addition, the Marina System projections are based on a number of assumptions. Changes in circumstances could have a material adverse impact on the ability of the City to pay the pay principal of and interest on the Bonds.

There can be no assurance that the City's expenses for the Marina System will be consistent with the descriptions in this Official Statement. Changes in technology, changes in quality standards, loss of large customers, increased or decreased development, increases in the cost of operation, or other expenses could require increases in rates or charges in order to comply with the City's rate covenant in the Indenture.

Assumptions in Feasibility Study May Not Materialize

Certain of the information concerning the Marina System and the Project in this Official Statement has been excerpted from the Feasibility Report. The estimates, opinions and conclusions expressed in the Feasibility Report are based upon certain assumptions, calculations and qualifications set forth therein. While the Feasibility Consultant believes these assumptions to be reasonable for purposes of the Feasibility Report, the assumptions may vary significantly from actual future conditions due to unanticipated events and circumstances. To the extent that actual future conditions vary from those assumed in the Feasibility Report, the actual results will vary from those contained in the Feasibility Report.

Limited Obligations

The Bonds are limited obligations of the City and are not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues. The obligation of the City to pay debt service on the Bonds from Net Revenues does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The City is obligated under the Indenture to make debt service payments solely from Net Revenues. There is no assurance that the City can succeed in operating the Marina System such that the Net Revenues in the future will be sufficient for that purpose.

Limited Recourse on Default

Failure by the City to pay debt service on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the debt service on the Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. See also "Proposition 218" below.

Limitations on Remedies; Bankruptcy

The ability of the City to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest with respect to the Bonds may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. Furthermore, the remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California. The opinions to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See APPENDIX E—FORM OF BOND COUNSEL OPINION. If the City fails to comply with its covenants in the Indenture or fails to pay principal of and interest due on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Initiatives

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations which could affect the ability of the City to implement rate increases which could reduce Net Revenues and adversely affect the security for the Bonds.

Additional Obligations

The Indenture permits the issuance of obligations secured by Net Revenues on a parity basis or a subordinate basis to the Bonds. Such additional obligations would increase debt service payable from Net Revenues and could adversely affect debt service coverage with respect to the Bonds. In such event, however, the Rate Covenant will remain in effect. See "SECURITY FOR THE BONDS—Rate

Covenant” and “SECURITY FOR THE BONDS—Limitations on Future Obligations Secured by Net Revenues.”

Earthquake Risk

The Marina System is located in an area considered to be seismically active. The two faults closest to the Marina System are the Palos Verdes fault and the Newport-Inglewood fault. More distant faults with a history of causing earthquakes and damage include the San Andreas and San Jacinto faults.

A forecast prepared by U.S. Geological Survey, Southern California Earthquake Center, and California Geological Survey and released in March 2015 indicates that there is a 37% chance that an earthquake measuring 6.7 or larger on the Richter Scale will occur in the greater Los Angeles area, and a 97% chance that such an earthquake will occur in Southern California, by 2037. The Marina System could sustain extensive damage to its facilities in a major seismic event from ground motion and liquefaction of underlying soils, which damage could include slope failures along the shoreline, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, failure of bulkhead walls, and rupture of gas and fuel lines. A major seismic event in Southern California, or elsewhere in the world, also could result in the creation of a tsunami that could cause flooding and other damage to the Marina System. Damage to Marina System facilities as a result of a seismic event could materially adversely affect Gross Revenues.

The City does not maintain insurance against earthquake damage because of the high costs of premiums and the low levels of coverage currently available. To date, no earthquakes have caused structural damage to Marina System facilities.

Construction Risk

The actual cost of constructing the various components of the Project will depend on a variety of factors, including but not limited to potential rising costs or shortages of labor or materials, the discovery of unforeseen subsurface conditions, earthquake, flood or other natural disasters, severe weather conditions, or other events outside of the control of the City. In the event that actual costs of the Project significantly exceed the amount projected by the City, such circumstances could have a material adverse impact on the ability of the City to generate Net Revenues in the amounts required by the Indenture. In addition, construction delays would defer increased occupancy of the slips which could materially adversely affect Gross Revenues.

Insurance

The Indenture obligates the City to obtain and keep in force various forms of insurance or self-insurance, subject to deductibles, for repair or replacement of a portion of the Marina System in the event of damage or destruction to such portion of the Marina System. The City expects to self-insure all risks permitted by the Indenture. No assurance can be given as to the adequacy of any such self-insurance or any additional insurance to fund necessary repair or replacement of any other portion of the Marina System. Significant damage to the Marina System could result in a lack of the ability to generate sufficient Net Revenues to repay the Bonds.

Potential Limitation of Tax Exemption of Interest on Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

INVESTMENT OF CITY FUNDS

Revenues collected by the City will be held and invested by the City in accordance with the provisions of the Indenture. Otherwise, however, moneys held by the City, including Marina System moneys, will be invested in accordance with the City's adopted investment policies. For more information about the City's investment policy as well as information about recent investment performance of the City's pooled investment funds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and

corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond

premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—FORM OF OPINION OF BOND COUNSEL.

CERTAIN LEGAL MATTERS

Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E—FORM OF OPINION OF BOND COUNSEL. Bond Counsel has assumed no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will also be passed upon for the City by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. Certain legal matters will be

passed upon for the City by Charles Parkin, Esq., City Attorney. Certain matters will be passed upon for the Underwriters by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California. Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent upon issuance of the Bonds.

LITIGATION

To the best knowledge of the City, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the authorization, execution or delivery of the Bonds, or the pledge of the Net Revenues or the collection of the payments to be made pursuant to the Indenture, or in any way contesting or affecting validity of the Bonds, the Indenture or the agreement for the sale of the Bonds, or in any way contesting or affecting the transactions described in this Official Statement.

RATING

Fitch Ratings ("Fitch") is expected to assign the rating of "___" to the Bonds. The rating reflects only the views of Fitch and an explanation of the significance of such rating may be obtained from Fitch. Future events could have an adverse impact on the rating of the Bonds and there is no assurance that the rating will not be qualified, downgraded or withdrawn entirely by Fitch. There is no obligation of the City to maintain any particular rating and a qualification, downgrade or withdrawal of a rating on the Bonds may have an adverse effect on the liquidity and market price thereof. A rating is not a recommendation to buy, sell or hold securities. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Public Financial Management, Inc., Los Angeles, California, has served as municipal advisor (the "Municipal Advisor") to the City in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Marina System by not later than seven months following the end of the City's fiscal year (currently ending September 30) (the "Annual Report"), commencing with the report for the fiscal year ended September 30, 2015, which is due no later than April 30, 2016, and to provide notices of the occurrence of certain significant events. The Annual Report and the notices of material events will be filed by the City with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) System. The specific

nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). Within the last five years, the City has materially complied with its continuing disclosure requirements.

UNDERWRITING

The Bonds are being purchased by Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. (the “Underwriters”). The Underwriters have agreed to purchase the Bonds at a price of \$_____ (which price is equal to the aggregate principal amount of the Bonds, plus an original issue premium of \$_____ and less an Underwriters’ discount of \$_____). The bond purchase contract pursuant to which the Underwriters have agreed to purchase the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the bond purchase contract, including the approval of certain legal matters by counsel and certain other conditions.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the City, including a summary of significant accounting policies, for the fiscal year ended September 30, 2014, are contained in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014. The financial results of the Marina Fund are described in the City’s audited financial statements but no revenues of the City other than the Marina Fund revenues are available to pay debt service on the Bonds.

The execution of this Official Statement and its delivery have been authorized by the City Council of the City.

CITY OF LONG BEACH

By _____
City Manager

APPENDIX A
SUMMARY OF THE INDENTURE

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APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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APPENDIX C

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the CITY OF LONG BEACH (the “City”) in connection with the issuance by the City of its \$_____ * City of Long Beach (Los Angeles County, California) Marina Revenue Bonds, Series 2015 (Alamitos Bay Marina Project) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bonds shall be secured by a pledge, charge and lien upon Net Revenues (as such term is defined in the Indenture). Pursuant to the Indenture, the City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean the City or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

“*EMMA*” or “*Electronic Municipal Market Access*” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“*Listed Events*” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Participating Underwriter*” shall mean any original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The City shall, or shall cause the Dissemination Agent to, not later than nine months days after the end of the City's fiscal year (which currently ends on September 30), commencing with the report for the 2014-15 Fiscal Year, which is due not later than June 30, 2016, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance.* If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include unaudited financial and operating data with respect to the City for preceding fiscal year, as follows:

- (1) Table 3—Slip Sizes and Current Rates;
- (2) Table 4—Total Slip Revenue;
- (3) Table 5—Total Rental and Concession Revenue;
- (4) [Table 10—Historical Occupancy Rate by Slip Size in the Official Statement prepared for the Bonds;]
- (5) [Table 11—Length of Waiting List by Slip Size in the Official Statement prepared for the Bonds;]

- (6) Debt Service coverage in the form shown in Table 14—Projection of Revenues, Expenses, Debt Service and Debt Service Coverage in the Official Statement prepared for the Bonds

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The City shall, or shall cause the Dissemination Agent (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.

- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after knowledge of the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the City or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations

shall be read into this Disclosure Certificate against the Dissemination Agent, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Indenture. The obligations of the City under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

CITY OF LONG BEACH

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Long Beach

Name of Issue: City of Long Beach (Los Angeles County, California) Marina Revenue Bonds, Series 2015
(Alamitos Bay Marina Project)

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

CITY OF LONG BEACH, Dissemination Agent

By _____
Authorized Officer

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APPENDIX D

GENERAL INFORMATION REGARDING THE CITY OF LONG BEACH

The following information concerning the City of Long is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General

The City is a municipal corporation and chartered city of the State and encompasses approximately 52 square miles of coastal area located on the southern edge of Los Angeles County (the "County"). With a population as of January 1, 2014 of approximately 470,292, it is the second largest city in the County and the seventh largest city in the State. The City's climate is mild, with temperatures ranging from an average of 54 degrees in January to 72 degrees in July. Precipitation averages 12.1 inches per year. The center of the City is 22 miles south of downtown Los Angeles, 450 miles south of San Francisco and 110 miles north of San Diego. The City has long been a major industrial center and popular beach resort area. The Port of Long Beach (the "Port"), along with its related commercial activities, contributes to the strength to the local economy. Further, the City has been successful in building a substantial tourist and convention business and is currently taking vigorous steps to augment tax revenues from these sources.

Municipal Government

The City was originally incorporated in 1888, and, after a short period of disincorporation, was reincorporated on December 13, 1897. Since 1907, the City has been governed as a charter city. The present City charter was originally adopted in 1921 and has been amended from time to time.

The City operates under the council-manager form of government with a nine-member City Council (the "City Council"). City Council members are nominated and elected by district to serve four-year terms, with a maximum of two such terms. The Mayor is nominated and elected by the City at large. The Vice-Mayor is elected by the City Council from among its members. Other city-wide elected offices are City Attorney, City Auditor and City Prosecutor.

The City Manager is appointed by and serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices noted above and the following three semi-autonomous commissions: Civil Service Commission, Board of Water Commissioners and Board of Harbor Commissioners.

The City currently employs approximately 5,000 persons within 21 departments. The police department consists of 1,254 uniformed officers and supporting personnel. The fire department operates 23 fire stations with approximately 515 fire fighters, officers and employees.

Population

The City's population as of January 1, 2014, was estimated to be 470,292. This figure represents 4.68% of the County's population and 1.23% of the State's population. The following table illustrates the City's population growth relative to the population of the County and the State.

**CITY OF LONG BEACH,
COUNTY OF LOS ANGELES AND STATE OF CALIFORNIA
Population Data**

Year	City of Long Beach	County of Los Angeles	State of California
1980	361,355	7,477,421	23,667,836
1990	427,200	8,832,500	29,558,000
2000	459,900	9,487,400	33,753,000
2004	487,305	10,107,451	36,271,091
2006	490,166	10,245,572	37,172,015
2007	492,921	10,331,939	37,662,518
2008	492,642	10,363,850	38,049,462
2009	490,882	10,355,053	38,255,508
2010	494,709	10,441,080	38,648,090
2011	462,257	9,857,567	37,578,616
2012	464,662	9,884,632	37,678,563
2013	467,925	9,963,811	37,984,138
2014	470,292	10,041,797	38,340,074

Source: City of Long Beach; Summary Financial Information Statement for Fiscal Year 2014.

Personal Income

The following chart sets forth the yearly total effective buying income and the median household effective buying income for the City, the County and the State for the periods of 2010 through 2014:

**CITY OF LONG BEACH,
COUNTY OF LOS ANGELES AND STATE OF CALIFORNIA
Personal Income 2010-2014**

Year	Area	Total Effective Buying Income (in thousands)	Median Household Effective Buying Income
2010	City of Long Beach	9,006,580	39,859
	Los Angeles County	207,077,609	45,390
	State of California	844,823,319	49,736
2011	City of Long Beach	8,561,158	38,404
	Los Angeles County	196,757,991	43,133
	State of California	801,393,028	47,177
2012	City of Long Beach	8,682,273	38,561
	Los Angeles County	197,831,465	43,083
	State of California	814,578,458	47,062
2013	City of Long Beach	9,403,226	41,923
	Los Angeles County	210,047,449	44,384
	State of California	864,089,685	47,307
2014	City of Long Beach	9,540,842	43,421
	Los Angeles County	205,133,995	45,013
	State of California	858,676,636	48,340

Source: City of Long Beach; Summary Financial Information Statement for Fiscal Year 2014.

Employment by Industry

The following table sets forth the average employment for major industry types within the City as of September 30, 2014.

Industry	Employment	Percent of Total
Services	89,023	46.16%
Government	24,880	12.90
Retail Trade	19,195	9.95
Manufacturing	17,575	9.11
Transportation, Warehousing, Utilities	16,539	8.58
Construction and Mining	8,666	4.49
Wholesale Trade	9,048	4.69
Finance, Insurance, Real Estate	7,945	4.12
Total	192,862	100.00%

Source: City of Long Beach; Summary Financial Information Statement for Fiscal Year 2014.

The California Employment Development Department compiles data annually on the status of employment and unemployment in the County. As an integral part of the Los Angeles metropolitan area, the City benefits from the wide variety of job opportunities available in neighboring communities throughout the County.

The following table summarizes the civilian labor force, employment and unemployment average statistics for the City, the State and the United States since 2010.

**CITY OF LONG BEACH, STATE OF CALIFORNIA AND UNITED STATES
Civilian Labor Force, Employment and Unemployment
Calendar Years 2010 through 2014**

Year	Area	Civilian Labor Force	Civilian Employment	Unemployment	Unemployment Rate (%)
2010	City of Long Beach	236,975	204,375	32,600	13.8
	California	18,242,367	15,972,383	2,269,992	12.4
	United States	153,893,000	139,068,583	14,824,500	9.6
2011	City of Long Beach	236,618	204,809	31,791	13.5
	California	18,097,445	15,955,545	2,141,873	11.8
	United States	153,615,833	139,873,167	13,742,500	9.0
2012	City of Long Beach	237,700	209,100	28,600	12.0
	California	18,519,000	16,589,700	1,929,300	10.4
	United States	154,975,000	142,469,000	12,506,000	8.1
2013	City of Long Beach	240,300	214,100	26,100	10.9
	California	18,596,800	16,933,300	1,663,500	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4
2014	City of Long Beach	241,400	219,600	21,900	9.1
	California	18,683,300	17,277,900	1,405,400	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2

Source: City of Long Beach Summary of Financial Information Statement for Fiscal Year 2014.

Major Employers

The largest employer in the City is the Long Beach Unified School District, employing approximately 12,143 people. The Long Beach Unified School District serves approximately 83,980 students. The second largest employer in the City is Long Beach Memorial Medical Center, employing approximately 5,146 persons.

Other major employers in the City include government, education and health care providers, including the City, California State University (Long Beach) and the Veterans Affairs Medical Center.

The following table sets forth the City’s major employers:

**CITY OF LONG BEACH
Major Employers
As of September 30, 2014**

	Employer	Number of Employees
1.	Long Beach Unified School District	12,143
2.	Long Beach Memorial Medical Center	5,146
3.	City of Long Beach	5,074
4.	The Boeing Company	4,203
5.	California State University, Long Beach	2,881
6.	Veteran’s Affairs Medical Center	2,480
7.	Long Beach City College	2,456
8.	California State Univ. Long Beach Foundation	1,420
8.	St. Mary’s Medical Center	1,420
10.	Molina Health Care	861

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2014.

Industry

The City is an important component of the County industrial complex, the largest concentration of major industrial firms in the western United States. The aircraft/aerospace products group represents a very important single industrial category in the City. Boeing is the second largest employer in the City. Other important industries include petroleum and chemical production, metal fabrication and food and kindred product production.

Commercial Activity

Retail sales activity is located throughout the City, from the central business district to the updated Los Altos and Marina Pacifica “power” centers, both of which opened in 1996, and the Towne Center, a 100-acre retail development built on the site of the former Long Beach Naval Hospital, which opened in November 1998. The World Trade Center in the downtown area of the City contains more than two million square feet of office space and is an international focal point for shipping, finance and trade services.

North of the Port at the intersection of the San Diego (I-405) and North Lakewood Boulevard, is the 55-acre Freeway Business Center, also known as the Kilroy Airport Center Long Beach (the “Kilroy Airport Center”), a high-technology office complex comprised of six buildings totaling approximately 949,156 square feet with a diverse mix of business tenants. As of January 2012, the Kilroy Realty Corporation reported the total market vacancy rate at the Kilroy Airport Center to be 5%. Each of the six buildings have square footage ranging from 10,457 square feet to 219,745 square feet with individual occupancy rates ranging from 84.8% to 100%. Tenants include a Federal Express World Service Center, SCAN health plan, fitness center, restaurant, car wash and detailing, and hire workforce agency.

The following table illustrates the City's annual volume of taxable transactions from Fiscal Years 2010 through 2014.

CITY OF LONG BEACH
Taxable Sales
Fiscal Years 2010-2014
(in Thousands)

Type of Business	2010	2011	2012	2013	2014
Apparel Stores	\$ 128,877	\$ 145,296	\$ 148,342	\$ 150,378	\$ 155,328
General Merchandise Stores	300,479	292,149	300,651	297,644	286,409
Drug Stores	77,571	79,083	82,611	73,162	73,477
Food Stores	221,062	219,454	239,207	249,611	269,083
Packaged Liquor Stores	37,585	39,293	42,014	43,262	45,885
Eating/Drinking Places	632,733	663,683	709,048	745,257	794,011
Home Furnishings and Appliance Stores	68,842	82,618	81,918	88,455	104,108
Building Materials and Farm Implements	1,197,011	1,426,138	1,414,937	905,308	743,613
Auto Dealers/Auto Supplies	272,820	261,831	310,740	322,610	318,269
Service Stations	625,517	573,517	623,068	612,882	607,758
Other Retail Stores	337,634	332,081	345,843	367,221	364,627
Retail Stores Totals	\$3,900,131	\$4,115,145	\$4,298,379	\$3,855,791	\$3,762,568
All Other Outlets	718,317	955,109	1,037,461	1,145,887	1,200,121
Total All Outlets	\$4,618,447	\$5,070,255	\$5,335,840	\$5,001,677	\$4,962,689

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2014.

Construction

The City issued building permits, valued at approximately \$242 million during fiscal year 2014. Of this total, approximately 43% consisted of residential construction and approximately 57% consisted of non-residential construction. The City's annual permit values since Fiscal Year 2010 are set forth below:

CITY OF LONG BEACH
Building Permit Valuations
Fiscal Years 2010 through 2014
(in Thousands)

Type of Permit	2010	2011	2012	2013	2014
Residential					
New Single Dwelling	\$ 5,869.4	\$ 14,891.1	\$ 8,326.5	\$ 21,214.3	\$ 6,447.5
New Multi Dwelling	4,298.3	37,463.6	11,897.5	10,061.5	37,475.8
Additions/Alterations	65,000.1	58,030.5	53,178.0	66,323.6	60,793.5
Total Residential	\$ 75,167.9	\$110,385.1	\$ 73,402.0	\$ 97,599.5	\$104,716.9
Non-Residential					
New Commercial	\$ 53,302.4	\$ 27,162.8	\$ 34,098.6	\$ 24,140.6	10,073.1
New Industrial	22,222.6	15,731.4	18,738.8	54,436.8	9,640.7
Other	58,304.4	58,780.0	118,430.3	98,994.3	111,341.1
Additions/Alterations	1,048.0	60,000.0	70,775.0	42,424.3	6,640.6
Total Non-Residential	\$134,877.4	\$161,674.2	\$242,042.7	\$219,996.1	\$137,695.5
Total Valuation*	\$210,045.3	\$272,059.4	\$315,444.7	\$317,595.5	\$242,412.4

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2014.

* Totals may not add due to rounding.

Long Beach Convention & Visitor and Convention Business

The Long Beach Convention & Visitors Bureau (LBCVB) is the official organization for convention and tourism marketing for the City. The mission of the LBCVB is to contribute to the economic development of the City by selling, marketing and promoting the City as a destination for conventions, meetings, tradeshow and tourism.

Tourism and the convention business is a significant factor in the City's economy and remain subject to the fluctuations in the local, State and national economies. A 2011 California State University-Long Beach Economic Impact of Overnight Visitors Report projected that the City's tourists generate nearly \$328 million annually in economic impact.

The LBCVB promotes several notable neighborhoods/districts, arts and cultural programs and attractions, including: the Aquarium of the Pacific, Queen Mary, Museum of Latin American Art, Long Beach Museum of Art, Pacific Island Ethnic Museum and two historic Ranchos. Several aquatic offerings are also promoted, including: boating facilities, marinas, sport fishing, shops and eight miles of public beaches that attract thousands of visitors to the City each year. Carnival Cruise Lines also operates a homeport in the City, which is adjacent to the Queen Mary, for its cruises to Mexico.

Millions of visitors travel to the City each year to attend an array of high-profile events and festivals including: Toyota Grand Prix of Long Beach, Long Beach Pride, Long Beach Marathon and Sea Festival.

Long Beach Convention and Entertainment Center

The City has fostered convention business by expanding convention facilities and encouraging private sector participation. Trade shows, conventions, athletic contests and other events are held regularly at the Long Beach Convention and Entertainment Center. Over the past several years, the Convention Center has received monies to renovate and reposition the facility into a new campus designed to model the TED conference. This new design, utilizing furniture and lighting, has created an environment that encourages conventioners to network and collaborate, which is what conventions and associations strive to achieve. The upgrades bring new and versatile special event location options such as Bogart & Co., in addition to plazas and patios. Furthermore, the new Pacific Ballroom at the Long Beach Arena provides 45,000 square feet of customized event space. This recent repositioning has helped the Convention Center become more competitive as it competes with convention centers in cities such as Portland, San Jose, Denver and Phoenix, and larger facilities in Los Angeles, Anaheim and San Diego. In its first year of operation, the Pacific Ballroom is solely responsible for the booking of 22 groups for a total economic impact of \$61.2 million. These are groups that could not have utilized Long Beach without the size and versatility of the new Ballroom.

Shoreline Village

Shoreline Village is a waterfront shopping, dining and entertainment center that overlooks Long Beach's beautiful Rainbow Harbor, which has proven to be an integral part of Long Beach visitor offerings. Boasting top-notch restaurants such as Parkers' Lighthouse and the Yard House, Shoreline Village is working to provide quality retail, dining and recreation as entertainment experiences for visitors, particularly those who stay at the downtown hotels. Shoreline features an antique carousel, bike rentals and Segway tours to explore the Long Beach coastline, personal watercraft rentals, harbor cruises, and unique specialty shops. Shoreline Village is conveniently located within walking distance of the world-class Aquarium of the Pacific across the harbor from the Queen Mary. Shoreline Village has a total market vacancy of 4%.

Downtown Long Beach

The Pine Avenue corridor has been one of the city's premier business districts. The revitalized commercial quarter has resumed its role as the focal point of downtown Long Beach business and social activity, following an

extensive 20 year redevelopment effort with an assortment of retailers and restaurants. CityPlace, an urban retail development in the heart of downtown, covers eight city blocks. CityPlace is approximately 450,000 square feet of retail space and 341 residential units. Tenants include Wal-Mart, Ross Dress For Less and several other apparel stores and eateries. Pine Avenue's concentration of dining establishments confirms restaurants as the principal element of the area. Currently, the City estimates that downtown Long Beach has a 17.89% vacancy rate on office space, and a 20% vacancy rate on ground floor retail space.

Long Beach Towne Center

In November 1998, the development of the Long Beach Towne Center was completed. It is an approximately 850,000 square foot community retail shopping center located on approximately 81 acres within the City at the southwest corner of Carson Street and the I-605 Freeway. The current operator of the Long Beach Towne Center is CREA/PPC Long Beach Towne Center PO, LLC, a Delaware limited liability company. The Long Beach Towne Center has a total market vacancy rate of 3%.

Long Beach Towne Center has been a favorite shopping, dining and entertainment destination over the last 10 years. A one million square-foot lifestyle center including favorite retailers such as Sport Chalet, Barnes & Noble Bookseller, Old Navy, Tuilly's, Bath & Body Works, David's Bridal, PetSmart and Pier 1 Imports, as well as, service and health & beauty focused businesses like Bank of America, Nuvision Optix, Towne Center Car Wash, The Nail Spa, Verizon Wireless, Fantastic Sams, and T-Mobile. Plus, Lucille's Smokehouse B-B-Que, In-N-Out Burger, PizzaRev and T.G.I. Friday's are just a few of the many dining options that can be found here.

The Pike at Rainbow Harbor

The \$450 million "The Pike at Rainbow Harbor", developed by Developers Diversified Realty, is one of the largest shoreline developments in California history. The Pike at Rainbow Harbor includes approximately 339,000 square feet of waterfront retail and entertainment space. The Pike at Rainbow Harbor is a joint venture of public and private investment. The development converted 300 acres of prime oceanfront property at the edge of downtown Long Beach into a major destination for tourism. The Pike at Rainbow Harbor includes the Aquarium of the Pacific, Shoreline Park, Rainbow Harbor, a retail portion and a residential housing portion. The Pike at Rainbow Harbor is a vibrant dining, retail and entertainment destination ideally located on the waterfront in the heart of downtown Long Beach. A popular selection of restaurants with harbor views can be found next door to world-class entertainment.

Currently, the center is going through a \$65 million dollar renovation rebranding the Pike to an outlet mall named Outlets at The Pike. Major new tenants include Restoration Hardware, Forever 21, H&M, and Nike.

APPENDIX E

FORM OF BOND COUNSEL OPINION

[Letterhead of Quint & Thimmig LLP]

City Council of the
City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

OPINION: \$ _____ * City of Long Beach (Los Angeles County, California) Marina Revenue Bonds, Series 2015 (Alamitos Bay Marina Project)

Members of the City Council:

We have acted as bond counsel to the City of Long Beach (the “City”) in connection with the issuance and delivery by the City of \$ _____ * aggregate principal amount of the bonds of the City designated the “City of Long Beach (Los Angeles County, California) Marina Revenue Bonds, Series 2015 (Alamitos Bay Marina Project) ” (the “Bonds”), pursuant to the provisions of the City Charter and sections 3.52.110 *et seq.* of the Long Beach Municipal Code (the “Law”), an indenture of trust, dated as of June 1, 2015 (the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, and a resolution of the City Council of the City adopted on April 21, 2015 (the “Resolution”).

In connection with this opinion, we have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and the Indenture and in the certified proceedings for the Bonds and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is a municipal corporation and chartered city duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds constitute legal, valid and binding special obligations of the City enforceable in accordance with their terms, and payable solely from the sources provided therefor in the Indenture on a parity with any Parity Obligations, as such term is defined in the Indenture, issued or to be incurred and secured by a pledge of Net Revenues, in accordance with and as such term is defined in the Indenture, subject to no prior lien granted under the Law.

3. The Indenture has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

* Preliminary, subject to change.

4. The Indenture establishes a valid first and exclusive lien on and pledge of the Net Revenues and other funds pledged thereby for the security of the Bonds and any Parity Obligations, in accordance with the terms of the Indenture.

5. Subject to the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of principal of or interest on the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (as used in this Appendix F, the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX G
FEASIBILITY REPORT

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Feasibility Report

**Alamitos Bay Marina Rebuild Project
City of Long Beach**

April 8, 2015

Dornbusch Associates
Economic & Financial Consultants

with BLUEWater Design Group

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I. INTRODUCTION

The City of Long Beach engaged Dornbusch Associates and BLUEWater Design Group to develop a Feasibility Report to analyze the feasibility of the Alamitos Bay Rebuild Project (“Project”). Specifically, Dornbusch and BLUEWater examined historical data on revenues, expenses, slip rental rates, occupancy rates, and waiting lists, both for the Long Beach marinas and other marinas in Southern California. Based on this historical data and market research, we developed rental rate and occupancy projections for the Long Beach marinas through 2045, and created pro forma projections of revenue, expenses, net operating income and debt service coverage ratios for the Marina Fund, and developed a sensitivity analysis. BLUEWater also reviewed the scope of the Project in order to assess the reasonableness of capital expenditures and project phasing.

A. OVERVIEW OF THE ALAMITOS BAY REBUILD PROJECT

Project Location

Alamitos Bay Marina is located in the southeastern portion of Los Angeles County within the City of Long Beach. The Marina lies adjacent to and northwest (up shore) of the mouth of the San Gabriel River and is accessible primarily from Pacific Coast Highway and Second Street, the nearest major intersection. The facilities are operated by the City of Long Beach, Marine Bureau, and the marina was developed in the late 1950s and the early 1960s. The Marina consists of 8 basins.

Project Description (Original Proposal)*

The Alamitos Bay Marina Rehabilitation Project is a design-build project overseen by the Marine Bureau of the City of Long Beach, with Bellingham Marine Industries (BMI) as the design, engineering and construction firm and Concept Marine Associates, a Division of TranSystems Corporation, as the construction manager. The project consists of the design, fabrication and installation of a completely new, state-of-the-art marina dock system. This BMI-manufactured marina consists of concrete floats trimmed with pressure treated wood, upgraded water, power and sewer stations, durable wood fillets, and seawall repair as needed. The complete installation of all systems is intended to occur with little impact to the tenants, surrounding businesses, scheduled City events, and in compliance with the standards as set forth by the project’s Environmental Impact Report. To achieve this goal, the project has been divided into several phases where boaters in a given area will be temporarily relocated while the existing wooden docks and piling are removed, the area dredged, the new piles installed, brand new concrete docks are assembled, and corresponding land side work is completed. In total, seven basins will be completely renovated as 1,967 slips are removed and replaced with 1,646 new slips.

The City is proceeding with waterside improvements as listed above. Landside improvements (including repaving of over 21 acres of asphalt parking and the renovation of 13 restroom facilities and landscaping improvements) will be completed as funding becomes available after the completion of the new dock system. These landside improvements are not considered critical to the successful operation of the marina, and the timing of these improvements has no impact on the projected financial results.

California Coastal Commission Added Scope

The California Coastal Commission added the requirement of the construction of a 10,500 square foot eel grass mitigation site (which was completed at the northeast end of Marine Stadium, near the intersection of Elliott Street and Boathouse Lane), installation of in-slip pumpouts, biological monitoring, addition of a 100 space dry boat storage yard, two oil recycling stations, and construction of 200-foot long dock to assist with the displacement of vessels.

Additional elements of the project include ADA compliance, dredging to original design depths for safe navigation, and a 600-ft long dock located adjacent to Basin 4 (paid for by the Long Beach Yacht Club). The phased approach ensures that there will be a slip for every existing customer once the renovations are completed. The project encourages and enhances the existing recreational boating facilities within the ABM harbor.

*This scope was approved by the Coastal Commission. The costs for the elements of the scope required by the Coastal Commission are included in the total ABM Rebuild project cost and no additional funds are needed.

B. CONSULTANT BACKGROUND AND EXPERIENCE

For over 40 years, Dornbusch Associates has provided market analysis, economic and financial feasibility assessment, contracting implementation and management assistance, and impact analysis services to a wide range of federal, state and local public agencies that are concerned with economic, financial, social, environmental, and institutional issues pertaining to public project development and operation. The firm has performed over 375 projects nationwide for clients that have included:

- Regional, state, and municipal government agencies, including the State of California Departments of Boating and Waterways (DBAW), Parks and Recreation (CALPARKS), and Transportation (CALTRANS).
- U.S. Departments of the Interior (including especially the National Park Service and Bureau of Reclamation), Commerce, Transportation, Housing and Urban Development, Agriculture, Defense, and Justice.
- Over fifty Native American tribes in California, Washington, Oregon, Colorado, Alaska, Nevada, Utah, Arizona, New Mexico, Montana, Nebraska, Oklahoma, Wisconsin,

Wyoming and the Dakotas.

- Natural Resources Defense Council, National Parks Conservation Association, Trust for Public Lands, Save-the Redwoods League, The Nature Conservancy, Environmental Protection Agency, United Nations Industrial Development Organization, and the World Bank.

Dornbusch Associates is experienced in analyzing the markets, financial feasibility, and overall prospects for marina development and redevelopment, both for public agencies contracting with private developers/operators and for private clients. The firm's services include:

- Financial feasibility, market and economic impact analyses,
- Architectural/engineering condition assessment administration,
- Concession and leasing contracting terms formulation and strategy, and
- Contracting assistance - including RFQ and RFP preparation and proposal evaluation.

The firm has performed these services for over twenty-five marinas, including both fresh water and ocean marinas nationwide, primarily in California. The accuracy of our financial analyses have been corroborated by the proposals received in free market competitions for the leases and concession contracts for marinas and other recreation/hospitality facilities development and operations, and the successful private funding of those developments and operating contracts.

BlueWater Design Group specializes in the design, planning, and operations for marine-related infrastructure and facilities, with a focus on extending service life while optimizing capital investments. The firm's professional responsibilities have included analysis, design, code compliance and cost estimation services for marine development and redevelopment projects, urban master plans, and preparation of environmental compliance and construction documents. The firm's extensive client list ranges from private individuals and development companies to public agencies and other consulting firms.

II. OVERVIEW OF THE LONG BEACH MARINAS

Alamitos Bay Marina, Shoreline Marina, and Rainbow Harbor together comprise one of the world's largest municipally-run marinas. Rainbow Harbor and Shoreline Marina are located near downtown Long Beach on Queensway Bay, and Alamitos Bay Marina is three miles to the east. Harbor Light Landing, across Queensway bay from Rainbow and Shoreline, is a small private marina that offers guest slips to transient boaters. In total, there are three public and one private marina in Long Beach Harbor, offering over 3,500 slips.¹

A. ALAMITOS BAY MARINA

Alamitos Bay Marina is located in the Naples and Belmont Shore area, near many beaches and amenities that appeal to boaters. It is located adjacent to a large protected bay that allows for reliable, consistent winds with little to no waves; ideal for all types of sailing as well as power boating. There are the residential islands to quietly explore, and destinations such as Catalina Island, Marina del Rey, Dana Point and world class fishing opportunities are 25 to 60 miles away. This is within easy reach for day long outings or week long excursions, or longer. In Alamitos Bay, there is shopping and dining at Seaport Village and a variety of recreational opportunities. The nearby 2nd Street area of Long Beach features restaurants and shopping. Given the characteristics of the marina, it is not surprising that occupancy rates have continually been among the highest in the Southern California region, typically 5-10 percentage points higher than regional averages. Detailed occupancy data is presented later in this report.

Alamitos Bay Marina presently features a total of 1,962 slips in its eight basins. Prior to the rebuild work on basins 1, 4, 5, and 8 completed since 2011, there were a total of 2,010 slips at Alamitos Bay. Most of the reduction to date (only 48 slips) is accounted for in the 20-foot slip size category. After the completion of the rebuild of basins 2, 3, 6, and 7, the marina will have a total of 1,653 slips, a further reduction of 309 slips. The following table presents total slip counts by size prior to the rebuild of basins 1, 4, 5, and 8, currently and after the proposed rebuild of basins 2, 3, 6, and 7.

¹ *The Southern California Boater's Guide, 4th Edition*, California Department of Boating and Waterways and The Bay Foundation

Exhibit 1. ABM Slip Distribution by Size, Prior to Rebuild of Basins 1, 4, 5, and 8; Current; and After Rebuild of Basins 2, 3, 6, and 7

Length (feet)	Prior	Current	After Rebuild	Difference (After – Current)
15	0	0	4	4
20	445	381	159	-222
25	369	340	235	-105
30	429	440	238	-202
35	238	247	318	71
40	278	276	389	113
45	94	115	112	-3
50	90	95	129	34
55	1	1	3	2
60	23	23	37	14
65	0	0	1	1
70	14	14	13	-1
75	5	5	5	0
80	16	16	2	-14
90	0	1	2	1
95	2	2	2	0
100	3	3	3	0
105	2	2	2	0
115	1	1	1	0
TOTAL	2,010	1,962	1,655	-307

The proposed rebuild will reduce the number of slips 30' and under by 525 and increase the number of slips 35' and longer by 218, which responds to long-term trends showing increased demand for larger slips and lower demand for smaller slips.

The following table presents the number of slips of each size in each basin at Alamos Bay Marina after the rebuild of basins 2, 3, 6 and 7 is complete. There will be no changes to the distribution of slips in basins 1, 4, 5, and 8.

Exhibit 2. Alamitos Bay Marina Slip Distribution by Size in each Basin After Rebuild

Length (feet)	1*	2	3	4*	5*	6	7	8*	Total	Share
15	0	0	4	0	0	0	0	0	4	0.2%
20	0	0	138	21	0	0	0	0	159	9.6%
25	0	1	188	22	0	4	20	0	235	14.2%
30	0	14	103	43	16	61	0	0	238	14.4%
35	0	192	79	39	1	8	0	0	318	19.2%
40	1	241	68	25	9	15	0	30	389	23.5%
45	10	28	51	22	1	0	0	0	112	6.8%
50	70	39	0	17	3	0	0	0	129	7.8%
55	3	0	0	0	0	0	0	0	3	0.2%
60	35	0	0	2	0	0	0	0	37	2.2%
65	1	0	0	0	0	0	0	0	1	0.1%
70	13	0	0	0	0	0	0	0	13	0.8%
75	5	0	0	0	0	0	0	0	5	0.3%
80	2	0	0	0	0	0	0	0	2	0.1%
90	1	0	0	1	0	0	0	0	2	0.1%
95	2	0	0	0	0	0	0	0	2	0.1%
100	3	0	0	0	0	0	0	0	3	0.2%
105	2	0	0	0	0	0	0	0	2	0.1%
115	1	0	0	0	0	0	0	0	1	0.1%
TOTAL	149	515	631	192	30	88	20	30	1,655	100%

*Basins 1, 4, 5, and 8 have already been rebuilt.

The combined number of slips in basins 2 and 3 (1,146) represent 69% of the total slips in the marina. The most dramatic changes to slip distribution occur in Basin 2, in which the number of slips 30’ and under decreases by 335 and the number of slips 35’ and over increases by 229 after the rebuild.

B. SHORELINE AND RAINBOW MARINAS

Located on Queensway Bay, Shoreline Marina and Rainbow Harbor are adjacent to each other and near shopping, restaurants and attractions in Shoreline Village and The Pike. Within walking distance of these two marinas are the Long Beach Convention Center and Pine Avenue in downtown Long Beach, featuring dining, shopping, and nightlife.

Shoreline Marina and Rainbow Marina were reconfigured and refurbished during the 2005-2010 period. Currently, there are a total of 1,592 slips in the Shoreline Marina and 90 slips in the Rainbow Marina. The following table presents slip breakdowns by size at both Shoreline and Rainbow, as well as at Alamitos Bay (after the rebuild project). It also presents totals for all three of the public Long Beach marinas.

Exhibit 3. Slip Distribution by Size at Shoreline, Rainbow, and Alamitos Bay*

Length (feet)	Shoreline	Rainbow	Alamitos Bay	Total	Share
15	0	0	4	4	0.1%
20	0	0	159	159	4.8%
25	9	0	235	244	7.3%
30	503	45	237	785	23.5%
35	436	13	319	768	23.0%
40	387	19	389	795	23.8%
45	144	10	112	266	8.0%
50	77	0	129	206	6.2%
55	1	0	3	4	0.1%
60	35	1	37	73	2.2%
65	0	0	1	1	0.0%
70	0	0	13	13	0.4%
75	0	0	5	5	0.1%
80	0	2	2	4	0.1%
90	0	0	2	2	0.1%
95	0	0	2	2	0.1%
100	0	0	3	3	0.1%
105	0	0	2	2	0.1%
115	0	0	1	1	0.0%
TOTAL	1,592	90	1,655	3,337	100.0%

*The figures in this table reflect the distribution of slips after the rebuild is completed.

C. MANAGEMENT STRUCTURE

The Marine Bureau within the City’s Parks, Recreation and Marine Department is administered by a Manager who oversees the supervisors of Alamitos Bay Marina, Shoreline Marina, and Rainbow Harbor as well as a special projects superintendent. Marine operations are also supported by the police and fire departments, and the Department of Financial Management collects most slip fees. The Marine Advisory Commission provides citizen oversight and is charged with enhancing and preserving beaches, waterways, and marina-related facilities.

The ownership and management structure of the marina is important to consider when defining a comparable set to analyze rental rate and demand trends for Long Beach. The Long Beach marinas are publically owned and operated.

The range in marina ownership and operating agreements at regional marinas is as follows:

- **Publically owned and operated marinas:** Oceanside, Long Beach, and Santa Barbara
- **Publically owned, but privately operated marinas:** Dana Point, Cabrillo Marina (LA Harbor), and Balboa Yacht Basin (Newport Harbor)

- **Privately owned/operated marinas on publically owned lands** (i.e. long-term ground lease): Virtually all marinas in Marina Del Rey and King Harbor and many others in Southern California.
- **Privately owned/operated on privately owned lands:** Several marinas in Newport Harbor (Bayshore, Balboa, Bayside, and Villa Cove)

The most comparable marinas in terms of operations alone (excluding proximity) are:

- **Oceanside Harbor Marina** – owned/operated by the City of Oceanside. Has maintained rates at market level and high quality slips. Slip yields are among the highest of the Southern California marinas and harbors.
- **Santa Barbara Harbor** – owned/operated by City of Santa Barbara. Has not maintained slip rental rates at market level and has not refurbished slips recently; slip yields are near the bottom of Southern California marinas and harbors. (Long Beach is presently operating between the extremes in terms of slip yields compared to the low of Santa Barbara and high at Oceanside).
- **Dana Point Marinas** – owned by Orange County but operated under management contract. Rates at Dana Point are higher than market averages despite slips in relatively poor condition.
- **Cabrillo Way Marina** – owned by Port of Los Angeles but operates under a management contract. Rates have historically been below market averages, but are scheduled to increase following a recent rebuild project.

The marinas that are least similar to those in Long Beach are several marinas in Newport Harbor. Many of these marinas are privately owned and operated or have various lease agreements with different entities. These marinas also cater to a very concentrated population of extremely wealthy boaters and feature a very limited supply of slips, both of which tend to drive up slip rates well above those prevailing in other areas of the Southern California market.

Resistance to rate increases is greater as one moves from the fully private to the fully public marinas because the public exerts more influence on rate setting at public marinas. This is one reason rates have remained well below market levels at Santa Barbara, for example. We discuss trends in rates and occupancy in the following sections.

III. HISTORICAL LONG BEACH MARINA REVENUE AND UTILIZATION DATA

A. HISTORICAL LONG BEACH MARINA REVENUES

The following table presents historic slip rental revenue data for Alamitos Bay Marina, Shoreline Marina, and Rainbow Harbor since 2004.

Exhibit 4. Historical Slip Revenue, Long Beach Marinas

	Alamitos	%	Shoreline	%	Rainbow	%	Total	%
2004	\$8,451,889		\$6,006,795		\$378,563		\$14,837,247	
2005	\$8,479,440	0.3%	\$5,514,703	-8.2%	\$416,695	10.1%	\$14,410,838	-2.9%
2006	\$8,727,703	2.9%	\$5,821,005	5.6%	\$361,048	-13.4%	\$14,909,756	3.5%
2007	\$8,723,890	0.0%	\$7,144,372	22.7%	\$478,891	32.6%	\$16,347,153	9.6%
2008	\$8,630,950	-1.1%	\$9,149,212	28.1%	\$543,490	13.5%	\$18,323,652	12.1%
2009	\$8,803,589	2.0%	\$9,890,463	8.1%	\$624,439	14.9%	\$19,318,491	5.4%
2010	\$8,728,519	-0.9%	\$10,004,415	1.2%	\$561,858	-10.0%	\$19,294,793	-0.1%
2011	\$7,947,251	-9.0%	\$9,875,729	-1.3%	\$627,699	11.7%	\$18,450,679	-4.4%
2012	\$7,643,580	-3.8%	\$10,190,922	3.2%	\$628,124	0.1%	\$18,462,626	0.1%
2013	\$7,767,353	1.6%	\$10,224,341	0.3%	\$601,516	-4.2%	\$18,593,209	0.7%
2014	\$8,569,541	10.3%	\$10,283,591	0.6%	\$575,704	-4.3%	\$19,428,837	4.5%
2004-14		0.1%		5.5%		4.3%		2.7%

Source: City of Long Beach

Over the ten year period, total slip revenue for the three marinas grew at an average annual rate of 2.7%. Annual variations at each marina are due to the impacts of rebuild projects. Revenues at Shoreline and Rainbow increased significantly in from 2007 to 2009 as occupancy stabilized during and after their construction projects. At Alamitos Bay, revenue has been affected by the ongoing rebuild project over the past five years, most notably during 2011 and 2012 and especially related to basins 1 and 4.

In addition to slip revenue, other Marina Fund revenue is derived primarily from landside leases, including restaurants and other businesses, as well as other miscellaneous sources, such as towing and parking fees and interest. This revenue currently represents around \$2 million annually (approximately 10% of total Marina Fund revenue). The following table presents historic data on total Marina Fund revenue.

Exhibit 5. Historical Marina Fund Revenue, 2004-2014

	Slip Revenue	Other Revenue	Total	Change
2004	\$14,837,247	\$1,647,898	\$16,485,145	
2005	\$14,410,838	\$1,849,934	\$16,260,772	-1.4%
2006	\$14,909,756	\$1,966,089	\$16,875,845	3.8%
2007	\$16,347,153	\$2,339,524	\$18,686,677	10.7%
2008	\$18,323,652	\$3,050,060	\$21,373,712	14.4%
2009	\$19,318,491	\$2,464,468	\$21,782,959	1.9%
2010	\$19,294,793	\$2,237,205	\$21,531,997	-1.2%
2011	\$18,450,679	\$1,699,750	\$20,150,429	-6.4%
2012	\$18,462,626	\$1,933,660	\$20,396,286	1.2%
2013	\$18,593,209	\$1,575,415	\$20,168,624	-1.1%
2014	\$19,428,837	\$1,750,177	\$21,179,014	5.0%
2004-2014 Average Annual Change				2.5%

Note: Total Slip Revenue in this table includes a small amount of slip rental revenue for special events (city-wide)

Total Marina Fund revenue has grown by 2.5% annually over the 10-year period.

B. HISTORICAL LONG BEACH OCCUPANCY DATA

According to the Long Beach slip status report dated June 30, 2014, of the 3,644 total slips available in the three marinas, 3,423 were occupied, for an overall occupancy rate of 93.9%. This rate is lower than in previous years and is related to temporary displacements of slip renters while slip replacement projects and dredging are ongoing.

The following table presents Alamitos Bay Marina occupancy rate data from 2006-2014, after adjustments made for slips that were withheld for construction projects. These adjustments are related to the fact that marina management has held some Alamitos Bay Marina slips vacant rather than filling vacancies as they arise due to the ongoing rebuild project. Data used for this chart was taken from data reported on June 30 of each year.

Exhibit 6. ABM Occupancy Rate by Slip Size, 2006-2014

Year	20	25	30	35	40	45	50	55+	TOTAL
2014	100%	90%	87%	94%	95%	89%	100%	99%	93%
2013	100%	94%	96%	99%	100%	99%	100%	100%	98%
2012	100%	100%	100%	99%	100%	100%	100%	100%	100%
2011	96%	100%	97%	92%	93%	100%	92%	100%	96%
2010	100%	99%	99%	100%	99%	94%	97%	97%	99%
2009	100%	97%	100%	100%	100%	100%	100%	100%	99%
2008	100%	100%	100%	98%	100%	99%	100%	100%	100%
2007	100%	100%	100%	97%	99%	98%	100%	100%	99%
2006	100%	100%	99%	95%	97%	98%	96%	97%	98%
Average	99%	98%	98%	97%	98%	97%	98%	99%	98%

The data demonstrates that occupancy rates at the marina have been extremely high over the past several years. Even during the recessionary period from 2009-2011, total occupancy remained above 95%. While it is true some slips were out of service due to rebuild work at Basins, 1, 4, 5, and 8 during these years, reducing the number of available slips, it is still remarkable that the occupancy rate did not decrease significantly. Relative to reported occupancy rates at other marinas in the region, which we present in the following section, Alamitos Bay Marina rates are consistently between 5-10 percentage points higher, depending on slip size. Based on interviews with other marina operators in the area, we attribute most of this effect to the location of the marina, with quick access to calm waters, relative protection from prevailing westerly winds due to the south-facing location, scenery and amenities. Some of the effect may be due to rates being near the low end of the range of the comparable set. We discuss rates in the following section as well.

The following table presents Shoreline Marina occupancy data from 2006-2014, after adjustments made for slips that were withheld for construction projects. Data used for this chart was taken from data reported on June 30 of each year.

Exhibit 7. Shoreline Marina Occupancy Rate by Slip Size, 2006-2014

Year	25	30	35	40	45	50	55+	TOTAL
2014	100%	98%	98%	92%	94%	96%	100%	96%
2013	100%	100%	100%	84%	99%	99%	94%	96%
2012	100%	100%	98%	98%	100%	97%	97%	99%
2011	100%	100%	99%	99%	98%	99%	100%	99%
2010	100%	100%	98%	99%	97%	99%	100%	99%
2009	89%	100%	99%	100%	96%	96%	97%	99%
2008	100%	97%	96%	98%	100%	97%	97%	97%
2007	100%	97%	97%	99%	100%	97%	97%	98%
2006	100%	87%	96%	96%	94%	96%	89%	93%
Average	99%	98%	98%	96%	98%	97%	97%	97%

Shoreline Marina occupancy trends mirror those at Alamitos Bay. Overall occupancy remains above 96%, and there was no noticeable impact to occupancy during the recent recessionary period.

C. HISTORICAL LONG BEACH WAITING LIST DATA

The following table presents the length of the waiting list by slip size for the combined Long Beach Marinas, as of June 30 in each year reported.

Exhibit 8. Length of Waiting List by Slip Size, All Long Beach Marinas

Year	20	25	30	35	40	45	50	55+	TOTAL
2014	35	4	5	7	2	1	5	11	70
2013	21	9	0	2	10	11	18	42	113
2012	34	25	15	29	56	26	65	74	324
2011	21	26	24	39	57	32	60	64	323
2010	10	22	8	30	17	6	48	70	211
2009	28	49	19	26	32	54	44	89	341
2008	25	56	49	60	66	83	64	101	504
2007	45	144	63	108	142	106	79	131	818
2006	37	139	177	110	174	99	65	97	898
Average	28	53	40	46	62	46	50	75	400

The table shows that the number of potential slip renters on the waiting list decreased from 898 in 2006 to 324 in 2012 and 70 in 2014. Although there has been a decline in excess slip demand since 2008, as we demonstrate later in this report with data on boat registrations in California and local counties, part of this impact is due to the fact that Long Beach has not been accepting new waiting list members during the reconfigurations.

Therefore, the actual decline in true excess demand has not been as dramatic as the table shows.

The following table relates the length of waiting lists at each slip size to the total number of slips of each size.

Exhibit 9. Length of Waiting List as Share of Number of Slips by Size, All Long Beach Marinas

Year	20	25	30	35	40	45	50	55+	TOTAL
2014	9%	1%	1%	1%	0%	0%	3%	10%	2%
2013	6%	3%	0%	0%	1%	4%	10%	39%	3%
2012	9%	7%	2%	4%	8%	10%	38%	69%	9%
2011	6%	7%	2%	6%	8%	12%	35%	60%	9%
2010	3%	6%	1%	4%	2%	2%	28%	65%	6%
2009	7%	14%	2%	4%	5%	20%	26%	83%	9%
2008	7%	16%	5%	9%	10%	31%	37%	94%	14%
2007	12%	41%	6%	16%	21%	39%	46%	122%	22%
2006	10%	40%	18%	16%	26%	37%	38%	91%	25%
Average	7%	15%	4%	7%	9%	17%	29%	71%	11%

The table demonstrates that over the past several years, there has been more excess demand for larger slips than for smaller slips. For 50-foot slips, the length of the waiting list has averaged 29% of the total number of slips in that size category, while for 30-foot slips, the length of the waiting list has only averaged 4% of the total number of slips in the three Long Beach marinas. As the reconfiguration of Basins 2, 3, 6 and 7 will reduce the number of slips 30' and under by 527 and increase the number of slips 35' and longer by 218, these ratios will tend to converge.

IV. MARKET ANALYSIS

This section presents data on boat registrations in California and local counties, as well as detailed information about slip inventories in Southern California harbors, characteristics of comparable marinas, and trends in slip rental rates, occupancy rates, and waiting lists.

A. VESSEL REGISTRATION TRENDS

The following table presents data on the number of current vessel registrations in California by slip size annually since 2005.

Exhibit 10. California Vessel Registrations by Size Category (Length in Feet)

	All Vessels	20-26	26-40	40+
2005	963,768	220,449	47,930	6,951
2006	893,828	217,347	45,326	6,596
2007	964,881	234,101	48,382	6,940
2008	857,158	216,798	44,114	6,370
2009	905,146	227,507	46,413	6,708
2010	808,649	209,017	42,091	6,194
2011	853,820	218,836	44,318	6,492
2012	775,376	162,405	34,347	6,048
2013	819,215	170,264	36,209	6,413
2005-09 average	916,956	223,240	46,433	6,713
2010-13 average	814,265	190,131	39,241	6,287
Change	-11%	-15%	-15%	-6%

Source: California DMV and Department of Boating and Waterways

The number of California vessel registrations averaged 917,000 between 2005 and 2009, and averaged 814,000 between 2010 and 2013, an 11% decline. Notably, registrations of vessels between 20 and 40 feet in length declined by 15% between those two periods, while registrations of vessels 40 feet and above declined by only 6%.

Beginning in 2008 and continuing through 2010, increased oil prices combined with the subprime mortgage crisis and decline in home equity had a significant impact on the recreational marine industry. Consumers cut back on discretionary spending and impacts were felt throughout many recreational and tourism industries and the economy as a whole. This effect is noticeable not only in boat registrations, but also in slip occupancy and waiting list data that will be presented later in this section.

The following table presents trends in vessel registrations in Los Angeles and Orange Counties from 2005 through 2013.

Exhibit 11. California Vessel Registrations by County

	LA County	% State	Orange County	% State
2005	127,027	13.2%	70,960	7.4%
2006	117,193	13.1%	66,374	7.4%
2007	124,420	12.9%	70,014	7.3%
2008	110,288	12.9%	62,964	7.3%
2009	116,014	12.8%	65,762	7.3%
2010	101,183	12.5%	58,888	7.3%
2011	106,307	12.5%	61,270	7.2%
2012	94,371	12.2%	55,158	7.1%
2013	98,748	12.1%	57,323	7.0%
2005-09 average	118,988	13.0%	67,215	7.3%
2010-13 average	100,152	12.3%	58,160	7.1%
Change	-16%		-13%	

The decline in registrations in these counties was slightly more than the decline in the state as a whole during the period. At both the state and county level in 2013, there appeared to be stabilization beginning in 2013. 2014 data will be available shortly, and it is anticipated that the rebound will continue based on preliminary data.

B. SLIP INVENTORY IN THE SOUTHERN CALIFORNIA REGION

In addition to the slips in Long Beach Harbor, there are tens of thousands of recreational slips in the Southern California region. The following table summarizes the total number of slips in each of the major Southern California mainland harbors. The harbors are listed north to south.

Exhibit 12. Summary of Slip Counts in Southern California Harbors

Harbor	Distance from Alamitos Bay	Number of Marinas	Total Number of Slips
Santa Barbara Harbor	120 miles	4 public	1,133
Ventura Harbor	92 miles	3 private	1,375
Channel Islands Harbor (Oxnard)	90 miles	2 public, 7 private	2,400
Marina Del Rey	33 miles	2 public, 18 private	4,731
King Harbor (Redondo Beach)	22 miles	4 private	1,458
Los Angeles Harbor	13 miles	17 private	3,645
Long Beach Harbor	-	3 public, 1 private	3,842*
Huntington Harbor	3 miles	4 private	2,500
Newport Harbor	16 miles	1 public, 15 private	2,119
Dana Point Harbor	33 miles	3 public	2,900
Oceanside Harbor	64 miles	1 public	950
Mission Bay	99 miles	11 private	1,350
San Diego Bay	109 miles	21 private	9,000
Total		16 public, 101 private	37,000

Source: *The Southern California Boater's Guide, 4th Edition, California Department of Boating and Waterways*

*Long Beach Harbor total includes current number of slips at Alamitos Bay

For this feasibility study, we reviewed and considered occupancy, waiting list and rate trends from the Santa Barbara and Ventura areas to the north to the Oceanside marina to the south, but our emphasis is primarily on marinas within the closest proximity to Long Beach.

We performed an analysis of slip renter ZIP code data that shows that renters have a strong preference to be as close as possible to their marinas. Due to this fact, we place much more weight on rental rate and occupancy trends at marinas closest to Alamitos Bay Marina.

Dornbusch found that approximately 2,100 of the 3,600 slip renters at the Long Beach marinas have mailing ZIP codes beginning with 907 or 908, which are all areas within a 10-mile radius of Alamitos Bay. 700 slip renters have ZIP codes beginning with 926, 927, or 928 (cities in Orange County), and another 300 have ZIP codes beginning with 900-905 in the central Los Angeles area. In total, it is estimated that over 3,000 of the 3,600 renters at the Long Beach marinas (over 80%) are located within 30 miles of Alamitos Bay. The following table summarizes these figures.

Exhibit 13. ZIP Codes of Slip Renters at Long Beach Marinas

Residence of Slip Renters (ZIP Code)	Approximate Number	Share of Total
907-908 (Long Beach, Seal Beach, San Pedro)	2,100	58%
926-928 (Orange County)	700	19%
900-905 (Central Los Angeles)	300	8%
Other California	400	11%
Out of State	100	3%
Total	3,600	100%

It can be inferred from this data that the comparable analysis for Long Beach should focus on the closest comparables to the marina, since there would appear to be very little market overlap with marinas further afield.

C. TRENDS IN SLIP RENTAL RATES

Long Beach provided Dornbusch with rate survey data for the set of marinas it uses as comparables, going back several years. The marinas included in the set, as well as their distance from Long Beach and the total number of slips at each are presented in the following table.

Exhibit 14. Marinas Included in Annual Long Beach Rate Survey

Marina	Distance from Long Beach	Total Slips
Marina Del Rey	33 miles	4,731
King Harbor	22 miles	827
Port Royal	22 miles	329
Portofino Hotel	22 miles	180
Cabrillo Marina	13 miles	1,175
Cabrillo Way Marina	13 miles	697
Peter's Landing	3 miles	325
Dana Point Marina	33 miles	1,428
Dana West Marina	33 miles	981

In general, these marinas are all in close proximity and share characteristics with Alamitos Bay, including high quality docks that have been recently or will be renovated in the near future. After presenting rate data, we discuss adjustments to the comparable set due to proximity, management structure and other marina attributes.

A marina's general state of repair, as well as the types of services and amenities it offers, also contributes to demand for slips. All of the marina operators we interviewed claimed that their maintenance programs were up to date and that there were no slips rendered non-functional due to dock condition, siltation of the marina basin or other problems.

Boats stored in wet slips at Alamitos Bay enjoy a proximity to open ocean that is unsurpassed by most comparable marinas in the area. The advantage of this proximity is that boaters can quickly motor out to sea. We discuss comparability further in the next section on trends in slip rental rates.

The following table presents data from the most recent Long Beach rate survey provided to Dornbusch.

Exhibit 15. Rental Rates per Linear Foot per Month, Long Beach Survey (2014)

	<29	30	35	40	45	50	60	70	80
King Harbor	\$10.08	\$15.63	\$17.43	\$18.65	\$17.80	\$20.46	\$20.42	\$20.57	\$20.17
Port Royal	\$12.06	\$13.92	\$16.04	\$17.39	\$19.67	\$19.67	\$19.67	\$19.67	\$19.67
Portofino	\$14.80	\$17.00	\$18.95	\$21.40	\$21.90	\$25.10	\$25.90	\$25.90	\$25.90
Cabrillo	\$11.12	\$12.18	\$14.91	\$14.91	\$16.81	\$16.81	\$18.17	\$20.07	\$22.24
Cabrillo Way	\$11.25	\$12.25	\$13.75	\$15.00	\$16.00	\$17.00	\$18.25	\$20.25	\$22.25
Peter's Ldg.	na	\$12.50	\$14.50	\$15.50	\$18.50	\$18.50	\$18.50	\$18.50	\$18.50
Dana Point	\$12.32	\$16.77	\$17.78	\$18.18	\$18.53	\$19.20	\$20.95	na	na
Dana West	\$14.68	\$16.70	\$17.77	\$18.19	\$18.52	\$19.19	\$17.33	na	na
M. Del Rey	\$11.16	\$14.01	\$15.22	\$18.05	\$18.45	\$19.30	\$26.35	\$27.38	\$32.16
Average	\$12.18	\$14.55	\$16.26	\$17.47	\$18.46	\$19.47	\$20.62	\$21.76	\$22.98
Long Beach	\$11.26	\$13.51	\$14.76	\$16.01	\$16.76	\$17.26	\$18.51	\$19.76	\$21.02
% Below Avg	-7.6%	-7.2%	-9.2%	-8.4%	-9.2%	-11.4%	-10.2%	-9.2%	-8.5%
Adjusted	\$11.86	\$13.91	\$15.93	\$17.14	\$18.45	\$19.59	\$20.15	\$20.83	\$21.46
% Below Adj	-5.1%	-2.9%	-7.3%	-6.6%	-9.1%	-11.9%	-8.1%	-5.1%	-2.0%

The table shows that, averaged across all slip sizes, Long Beach rates were approximately **9% below** the average for the comparable set used in the rate survey.

The Dana Point marinas are among the furthest away and also among the most expensive in the set used by Long Beach. Marina del Rey is also 33 miles away. We adjusted the average by removing these three from the comparable set and arrived that the adjusted averages shown in the "Adjusted" line in the table. The Long Beach rates are, on average, **6.5% below** these adjusted rates across all slip sizes. When we discuss the "Market Level Case" in the following sections, we will refer to the difference between the adjusted number and current Long Beach rates.

Rate Growth Trends

The following table presents results from the Long Beach survey from 2009 to 2013, showing the difference between the average rate charged by the comparable marinas and Long Beach for each slip size. The table also shows calculations of average rate growth annually and over the five-year period.

Exhibit 16. Comparison of Rates by Slip Size, Average of Comps vs. Long Beach

Length	2009			2010			2011		
	Comps	LB	% Diff	Comps	LB	% Diff	Comps	LB	% Diff
<29	\$11.80	\$8.22	-30.3%	\$12.43	\$10.28	-17.3%	\$12.45	\$10.59	-14.9%
30	\$11.89	\$10.28	-13.5%	\$13.43	\$12.33	-8.2%	\$13.48	\$12.71	-5.7%
35	\$13.39	\$12.33	-7.9%	\$15.45	\$13.47	-12.8%	\$15.54	\$13.89	-10.6%
40	\$15.35	\$13.47	-12.2%	\$16.29	\$14.62	-10.3%	\$16.39	\$15.07	-8.1%
45	\$16.19	\$14.62	-9.7%	\$17.72	\$15.30	-13.7%	\$17.84	\$15.77	-11.6%
50	\$17.61	\$15.30	-13.1%	\$18.11	\$15.76	-13.0%	\$18.24	\$16.24	-11.0%
60	\$18.35	\$16.90	-7.9%	\$21.19	\$16.90	-20.2%	\$21.46	\$17.42	-18.8%
70	\$18.65	\$18.04	-3.3%	\$18.84	\$18.04	-4.2%	\$19.07	\$18.60	-2.5%
80	\$19.06	\$19.18	0.6%	\$19.27	\$19.18	-0.5%	\$19.50	\$19.77	1.4%
Average Rate Growth, All Rates				7.7%	7.8%	0.1%	0.8%	3.1%	2.3%
Length	2012			2013			2009-13 Avg. Annual Change		
	Comps	LB	% Diff	Comps	LB	% Diff	Comps	LB	Diff
<29	\$12.09	\$10.73	-11.2%	\$12.18	\$10.94	-10.2%	0.6%	5.9%	5.2%
30	\$13.73	\$12.87	-6.3%	\$14.55	\$13.13	-9.8%	4.1%	5.0%	0.9%
35	\$15.81	\$14.06	-11.1%	\$16.26	\$14.34	-11.8%	4.0%	3.1%	-0.9%
40	\$16.82	\$15.26	-9.3%	\$17.47	\$15.56	-10.9%	2.6%	2.9%	0.3%
45	\$17.89	\$15.97	-10.7%	\$18.46	\$16.29	-11.8%	2.7%	2.2%	-0.5%
50	\$18.42	\$16.45	-10.7%	\$19.47	\$16.78	-13.8%	2.0%	1.9%	-0.2%
60	\$19.50	\$17.64	-9.5%	\$20.62	\$17.99	-12.8%	2.4%	1.3%	-1.1%
70	\$20.43	\$18.83	-7.8%	\$21.76	\$19.20	-11.8%	3.1%	1.3%	-1.9%
80	\$21.61	\$20.02	-7.4%	\$22.98	\$20.42	-11.1%	3.8%	1.3%	-2.6%
Growth	1.5%	1.3%	-0.2%	4.5%	2.0%	-2.5%	2.8%	2.7%	-0.1%

Source: Long Beach Survey, Dornbusch calculations

As the table shows, rate growth averaged 2.8% for the comparable set and 2.7% for Long Beach over the 2009-2013 period. **Excluding the large rate increases in 2010, rate growth from 2011 through 2013 averaged 2.2% annually for the competitive set, and 2.1% for Long Beach.**

Over the period, the average rates at Long Beach lagged the average rates in the comparable set by approximately 10%. The difference became more uniform across all slip sizes in 2013.

Rate data for a consistent set of marinas tracked by Marina del Rey from 2004 to 2009 provides additional detail about the previous five-year period. The marinas in this rate survey set include many in the set that Long Beach surveys, as well as others: Alamitos Bay, Cabrillo, King Harbor, Port Royal, Dana Point, Dana West, Lido, Bayside, Newport Dunes, Channel Islands and Anacapa. These marinas represent approximately 8,300 slips in total. A very similar set of marinas was surveyed by Almar in 2014 (Alamitos Bay, Dana Point, Dana West, Lido, Newport Dunes, Harbor Marina, Port Calypso, Balboa Yacht Basin, Huntington Harbor, Peter's Landing, Davenport, and Cerritos Bahia Marina). Average rates in 2004, 2009 and 2014 for these marinas are presented in the following table.

Exhibit 17. Average Slip Rental Rates, Southern California Marinas, 2004-2014

	<25	26-35	36-50	>50
2004	\$9.68	\$10.83	\$11.35	\$16.40
2009	\$12.04	\$14.76	\$17.01	\$22.34
2014	\$12.83	\$15.40	\$19.82	\$24.67
Annual Change 2004-09	4.5%	6.4%	8.4%	6.4%
Annual Change 2009-14	1.3%	0.9%	3.1%	2.0%
Annual Change 2004-14	2.9%	3.6%	5.7%	4.2%

Source: Allan D. Kotin & Associates Survey (2004, 2009), Almar Survey (2014), Dornbusch calculations

As the table shows, rates grew at annual average rates of between 3% and 6% over the ten-year period, with rates growing faster for slips larger than 35 feet. However, most of the rate growth occurred between 2004 and 2009. During that five-year period, rates grew by 4.5% annually for smaller slips and 6-9% annually for larger slips.

The rapid increase in home equity that began around the year 2000 and continued through 2008, and the associated wealth effect, led homeowners to make discretionary and luxury purchases, including boats, and this in turn contributed to surging demand for slips during that period. There was enough excess demand that marinas were able to increase rates annually, by 5-10% per year at many marinas, without having an impact on occupancy rates. Waiting lists were exceptionally high—the Dana Point Marinas reported estimated waiting times for some slip sizes in the 5-7 year range.

The table illustrates the significant slowdown in rate growth that has occurred since 2009, with rates for smaller slips increasing by an average rate of around 1% per year and rates for larger slips increasing by 2% to 3% per year.

As we showed previously, the average rate increase in the competitive set tracked by Long Beach grew by 2.8% between 2009 and 2013 and only 2.2% between 2011 and 2013.

Notably, rates for slips 30' and under in the Long Beach survey increased by an average of 1% during that period and rates for slips 35' and over increased by an average of 2.5%, with higher increases in the largest slip sizes. These trends correspond very closely with the slip size category data presented in the table above.

In interviews with marina operators, we found that several marinas froze rates completely between 2009 and 2012 and have only recently begun to raise rates incrementally. Without exception, expectations for annual rate increases over the next five years are in the 1% to 3% range annually, according to our interviews.

We previously discussed how geographic proximity and similarities in ownership and management structures across marinas contribute to comparability in terms of rate setting due to higher degrees of public influence on public vs. private marina operators.

Combining proximity and management considerations, Cabrillo Way Marina appears to be the most directly comparable to Alamitos Bay.

Cabrillo Way was recently rebuilt with higher rates being phased in to reflect the higher quality of upgraded docks. The renovated Cabrillo Way marina opened in 2010. Existing marina tenants (pre-2010) had historically been charged lower rates compared to new tenants (post-August 2010). The higher rates for new tenants were frozen from 2010-2013 and are scheduled to escalate by 3% annually through 2017. Existing tenants had their lower, below market rates increased moderately from 2010-2013, and then more significantly between 2013 and 2017. In 2017, existing and new tenants will be paying the same rate. The following table presents scheduled rate increases for Cabrillo Way through 2017.

Exhibit 18. Rate Increase Schedule through 2017, Cabrillo Way Marina

Slip Size	2013	2014	Change	2015	Change	2016	Change	2017	Change
Post-2010 Tenants									
30	\$12.25	\$12.62	3.0%	\$13.00	3.0%	\$13.39	3.0%	\$13.79	3.0%
50	\$17.00	\$17.51	3.0%	\$18.04	3.0%	\$18.58	3.0%	\$19.13	3.0%
80	\$22.25	\$22.92	3.0%	\$23.61	3.0%	\$24.31	3.0%	\$25.04	3.0%
Pre-2010 Tenants									
30	\$9.25	\$10.25	10.8%	\$11.25	9.8%	\$12.25	8.9%	\$13.79	12.6%
50	\$10.75	\$13.00	20.9%	\$15.25	17.3%	\$17.00	11.5%	\$19.13	12.5%
80	\$12.00	\$15.50	29.2%	\$19.00	22.6%	\$22.25	17.1%	\$25.04	12.5%

Cabrillo Way rates are currently lower than Long Beach rates, at the low end of the range of the marinas that Long Beach has been using as comparables. After the 3% increases through 2017, they will be more near the middle of the range of comparables that Long Beach uses. The following table compares 2013 rates at Cabrillo Way and Long Beach.

Exhibit 19. Rental Rate Comparison, Cabrillo Way vs. Long Beach (2013)

	<29	30	35	40	45	50	60	70	80
Cabrillo Way	\$11.25	\$12.25	\$13.75	\$15.00	\$16.00	\$17.00	\$18.25	\$20.25	\$22.25
Long Beach	\$11.26	\$13.51	\$14.76	\$16.01	\$16.76	\$17.26	\$18.51	\$19.76	\$21.02
% Difference	-0.1%	-9.3%	-6.8%	-6.3%	-4.5%	-1.5%	-1.4%	2.5%	5.9%

With the exception of the largest slips, Cabrillo Way rates are between 1% and 10% lower than Alamitos Bay rates, but with the projected 3% annual increase through 2017 (and anticipated 2% growth at Alamitos Bay, consistent with the past two years), Cabrillo Way’s rates should be even more in line with Alamitos Bay by that time. So, the 3% projection through 2017 should be considered more of a “catch up” than a sustainable long-term trend.

After 2017, Cabrillo Way rates will be negotiated between the marina contractor and the Port of LA. As stated above, 3% annual rate growth, which is above average inflationary growth over the past 20 years, is unsustainable over the long term, given the trends presented in this

section. A more realistic annual rate growth rate would be in the 2% range, consistent with rate data reported since 2009.

D. TRENDS IN SLIP OCCUPANCY RATES

As presented previously in the section on Long Beach marina historical data, Alamitos Bay Marina shows nearly full occupancy over the past several years, including the recent recessionary period.

Dornbusch conducted a survey of slip occupancies by size for several marinas in the Long Beach competitive set. The following tables present slip occupancies reported in December 2014.

Exhibit 20. Dornbusch Marina Occupancy Survey, 2014

	25	30	35	40	45	50	60	70	80	Total
CYM-Cabrillo	25%	72%	100%	89%	100%	98%	100%	100%	100%	80%
Holiday-Cabrillo	100%	50%	100%	100%	100%	100%	100%	100%	100%	80%
King Harbor	80%	90%	100%	100%	100%	100%	100%	100%	100%	93%
Port Royal	81%	100%	100%	100%	n/a	n/a	n/a	n/a	n/a	91%
Dolphin	78%	76%	89%	88%	88%	83%	97%	n/a	n/a	82%
Peter's Landing	90%	90%	100%	100%	100%	100%	100%	100%	100%	97%
Dana Point	82%	94%	100%	100%	100%	100%	100%	100%	100%	96%
Dana West	70%	90%	100%	100%	100%	100%	100%	100%	100%	90%

As the table shows, occupancy rates for marinas in the region are generally in the 75%-90% range for slips 30' long and smaller and typically 95%-100% for slips 35' and above. The table illustrates the fact that there are very few vacancies in slips 35' and above at any of the marinas.

We previously noted that occupancy rates at the Long Beach marinas have generally been 5% to 10% higher than average market occupancy rates.

Dornbusch also gathered occupancy data for several additional marinas beyond this set. Aggregate occupancy rates (not broken out by slips) were available for other marinas.

As the ABM Rebuild Project will reduce the number of slips 30' and under by 527 and increase the number of slips 35' and longer by 218, we anticipate that occupancy rates for the smaller slip sizes at ABM will continue to be extremely high. Demand for larger slips is projected to continue to exceed supply.

Over the past several years, many other marinas in the region have initiated or completed the process of reducing the number of smaller slips and increasing the number of larger slips in order to respond to trends in occupancy and demand, as Alamitos Bay is doing. In a Slip Sizing Study for Marina del Rey, Noble Consultants aggregated data on 13 completed or proposed reconfigurations and found that the total number of slips in the set would decrease by 6.9%

(from 8,903 to 8,293) and the average slip length would increase by 13.4% (from 33.6 feet to 38.0 feet). The changes to slip sizes at Alamitos Bay Marina parallel this trend and respond to long-term demand trends.

Historically, regional slip occupancy has been strong, as shown in this table listing 2004 occupancy rates for several marinas in King Harbor, Newport Harbor, and Marina del Rey. Occupancy rates from a decade ago mirror occupancy rates observed currently.

Exhibit 21. Marina Occupancy Rates, 2004

Redondo and Newport	2004 Occupancy	Marina del Rey	2004 Occupancy
King Harbor Marina	95%	Marina City Club Marina	100%
Port Royal Marina	95%	Bay Club Marina	97%
Portofino Yacht Club	97%	Boat Yard Marina	100%
Balboa Marina	98%	Dolphin Marina	99%
Balboa Yacht Basin	100%	Bar Harbor Marina	99%
Bayshores Marina	100%	Mariner's Bay Marina	99%
Bayside Marina	99%	Marina Harbor	99%
DeAnza Bayside	95%	Neptune Marina	97%
Newport Dunes Marina	99%	Pier 44/Dock 77	95%
Harbor Marina	75%	Tahiti Marina	94%
Average	96%	Average	98%

Sources: Long Beach Marine Bureau, Marina del Rey

Although demand at some of these marinas declined slightly during the 2009-2011 recessionary period, it has rebounded over the past three years.

E. TRENDS IN SLIP WAITING LISTS

Information about waiting lists at the Long Beach marinas was presented in the historical data section. It showed that the lengths of waiting lists declined between 2006 to 2014. Dornbusch conducted a survey of marinas in December 2014 and gathered the following waiting list data.

Exhibit 22. Dornbusch Waiting List Survey, 2014

	25	30	35	40	45	50	60	70	80
CYM-Cabrillo						20	10	2	
Holiday-Cabrillo				10		20			
King Harbor		60	25		5	5	5	2	2
Port Royal		20	20	20					
Dolphin			18	23	17	15	15		
Dana Point	3	104	121	139	132	92	99		
Dana West	15	32	87	55	102	39	53		

Though the lengths of waiting lists are shorter than they have been historically, the fact that there are waiting lists for slips in many length categories demonstrates that demand continues to exceed supply in many areas.

Dornbusch was also able to obtain detailed waiting list data from 2004 and 2014 from Dana Point and Dana West marinas.

Exhibit 23. Length of Waiting Lists at Dana Point and Dana West Marinas

Slip Size	Dana Point Marina			Dana West Marina		
	2004	2014	Change	2004	2014	Change
20	3	1	-2	27	1	-26
25	38	3	-35	112	15	-97
30	129	104	-25	185	32	-153
35	223	121	-102	260	87	-173
40	196	139	-57	195	55	-140
45	130	132	2	234	102	-132
50	56	92	36	115	39	-76
55	55	44	-11	32	15	-17
60+	33	55	22	35	38	3
Total	863	691	-172	1,195	384	-811

Source: Dornbusch research

Despite the fact that waiting lists have declined, there is still a significant amount of excess demand in many size categories. The more dramatic decrease at Dana West may be due to the fact that docks in that marina have deteriorated and are due for rehabilitation in the near future.

F. REHAB/EXPANSION PROJECTS IN THE MARKET AREA

There are no major expansion projects or new marinas projected to be built in the Los Angeles-Orange County area that would increase slip supply in the foreseeable future. The following is a list of projects in planning phases gathered during our market research.

Dana West: Plans to begin complete rebuild of the marina next year (2015). Shift to larger average slip size.

Marina del Rey-Holiday Marina: Plans to rebuild in 3-5 years, will shift to fewer 20-foot slips and more 35-foot slips.

Marina del Rey-Mariners Bay: Docks will be possibly be rebuilt in the next 1-2 years. No expansion, only replacement.

Marina del Rey-Pier 44: Docks will be reconfigured/rebuilt during next year, reducing the number of 24 foot and smaller slips, increasing slips above 30 feet; overall fewer total slips.

Santa Barbara: No plans for substantial expansion or reconfiguration; possible dock replacements over next several years.

There are plans to continue to improve the San Pedro waterfront near Cabrillo and Cabrillo Way marinas. The plan is estimated to cost around \$1 billion and will include parks, a promenade, extension of the Red Car trolley line, and space for new retail businesses and restaurants. There are no specific plans for additional marinas currently.

We do not anticipate that any of these projects will draw demand away from Alamitos Bay Marina.

G. CONCLUSION: PROJECTED RENTAL RATES AND OCCUPANCY RATES

Rental Rate Projection

Based on historical Alamitos Bay Marina and Long Beach data, our market research, survey of Southern California marinas, and interviews with marina operators, we project that average slip rates in the region will most likely increase by around 2% per year in both the near term (through 2025) and long term (through 2045, the end of our 30-year projection).

While data from the 2000-2010 period shows that on average, slip rates and marina revenues grew in the 3% to 4% range, rate increases slowed during the second half of that decade and from 2010 through 2014. The average rate increase in the competitive set tracked by Long Beach grew by 2.2% between 2011 and 2013. Notably, rates for slips 30' and under increased by an average of 1% during that period and rates for slips 35' and over increased by an average of 2.5%, with higher increases in the largest slip sizes. These trends are also evident at many other marinas in the Southern California region.

Reasons for the slowdown in slip rate growth, many of which are results of the collapse of the bubble in home equity and the subsequent recession, include a decline in boat registrations and reductions in slip waiting lists, less costly alternative storage options (especially for smaller vessels) that have become more desirable as wet slip rates increased, and continued pressure (especially at public marinas) from slip renters to curb increasing fees.

It is very unlikely that annual market rate increases will be **lower** than 2% on average over the long term, as operating expenses are likely to increase at around this rate. Total Long Beach Marina Fund expenses increased by 1.9% annually over the 2004-2014 period.

The "Base Case" in the model assumes consistent 2% slip rental rate increases annually for the Long Beach marinas through the 30-year projection period.

A "Market Level Case" and "Stressed Case" are included in the Sensitivity Analysis section of this report.

Occupancy Rate Projection

Historical occupancy data for Alamitos Bay Marina shows nearly full occupancy over the past several years, including the recent recessionary period. Occupancy rates for marinas in the region are generally in the 75%-90% range for slips 30' long and smaller and typically 95%-100% for slips 35' and above. Alamitos Bay and Shoreline Marina occupancy rates have generally been 5% to 10% above market averages due to their favorable characteristics, including proximity to open ocean, protection from winds in the south-facing harbor, scenery, and amenities including proximity to dining and shopping.

As the Alamitos Bay Marina Rebuild Project will reduce the number of slips 30' and under by 527 and increase the number of slips 35' and longer by 218, we anticipate that occupancy rates for the smaller slip sizes at ABM will continue to be extremely high. Demand for larger slips is projected to continue to exceed supply.

We assume that the Rebuild Project impacts overall ABM occupancy between 2015 and 2017 (we calculate occupancy based on the total number of slips in the marina after the rebuild, and assume that up to one-third of the slips in the marina (about half of the slips in Basins 2, 3, 6, and 7) will be impacted at any time during the project). In all scenarios, the projected occupancy rate is 67% in 2015 and 2016, increasing to 75% in 2017 as the project is completed.

In the Base Case, we assume stabilized occupancy beginning in 2018 after the rebuild is completed, at 95% for slips 30' and below (this is the top end of the range of the market, and in line with ABM historical data, also taking into account the reduction in slips in this size range), and 98% for slips 35' and above (this is essentially full occupancy, with an allowance for small gaps in occupancy when slip renters change).

The following table summarizes these occupancy assumptions.

Exhibit 24. Alamitos Bay Marina Slip Occupancy Rate Assumptions

	2015	2016	2017	2018	2019	2020	2021-45
Base Case < 30'	67%	67%	75%	95%	95%	95%	95%
Base Case > 35'	67%	67%	75%	98%	98%	98%	98%

Note that we assume occupancy at the Shoreline and Rainbow Marinas is not impacted during the ABM Rebuild construction period, remaining at 95% for smaller slips and 98% for larger slips during the 2015-2017 period.

Occupancy projections for the Market Level Case and the Stressed Case are included in the Sensitivity Analysis section of this report.

V. PROJECTED REVENUES

Given the rental rate and occupancy rate assumptions presented in the previous section, Base Case slip rental revenue projections are presented in the following table. **Note: the tables in the following sections present data for the first 10 years of the forecast. Please refer to Exhibits A-C at the end of this report for revenue, slip rate, and occupancy projections through 2045 for all scenarios.**

Exhibit 25. Base Case Slip Rental Revenue Projections, Long Beach Marinas

	Alamitos Bay	Shoreline	Rainbow	Total	Growth
2015	\$7,397,261	\$10,611,945	\$580,472	\$18,589,678	
2016	\$7,545,207	\$10,824,183	\$592,082	\$18,961,472	2.0%
2017	\$8,615,049	\$11,040,667	\$603,924	\$20,259,640	6.8%
2018	\$11,407,680	\$11,261,480	\$616,002	\$23,285,163	14.9%
2019	\$11,635,834	\$11,486,710	\$628,322	\$23,750,866	2.0%
2020	\$11,868,550	\$11,716,444	\$640,889	\$24,225,883	2.0%
2021	\$12,105,921	\$11,950,773	\$653,706	\$24,710,401	2.0%
2022	\$12,348,040	\$12,189,789	\$666,780	\$25,204,609	2.0%
2023	\$12,595,001	\$12,433,584	\$680,116	\$25,708,701	2.0%
2024	\$12,846,901	\$12,682,256	\$693,718	\$26,222,875	2.0%

In the Base Case (and the other scenarios in the sensitivity analysis), most of the revenue growth in 2017 and 2018 is due to increasing occupancy at ABM as the Rebuild Project is completed. Slip Rental revenue is projected to continue to grow at 2% annually from 2024 through the end of the forecast period.

Other Marina Fund revenue is projected to grow at 2% annually in all scenarios as well (Note: we also include additional revenue from new dry storage spaces at Alamitos Bay in the Other Revenue projection. Assuming 100 new occupied spaces at \$90.00 per space per month for half of the year (six months) in 2016 and then a full year (12 months) in 2017 and beyond, we estimate over \$100,000 annually in additional dry storage revenue). The following table summarizes slip revenue, other revenue and total revenue in the Base Case.

Exhibit 26. Base Case Slip Revenue, Other Revenue and Total Revenue

	Slip Revenue	Other Revenue	Total	Growth
2015	\$18,589,678	\$2,243,991	\$20,833,669	2.3%
2016	\$18,961,472	\$2,343,950	\$21,305,422	6.8%
2017	\$20,259,640	\$2,503,193	\$22,762,833	13.5%
2018	\$23,285,163	\$2,553,257	\$25,838,419	2.0%
2019	\$23,750,866	\$2,604,322	\$26,355,188	2.0%
2020	\$24,225,883	\$2,656,408	\$26,882,291	2.0%
2021	\$24,710,401	\$2,709,536	\$27,419,937	2.0%
2022	\$25,204,609	\$2,763,727	\$27,968,336	2.0%
2023	\$25,708,701	\$2,819,001	\$28,527,703	2.0%
2024	\$26,222,875	\$2,875,382	\$29,098,257	2.0%

VI. HISTORICAL AND PROJECTED OPERATING EXPENSES FOR THE MARINA FUND

A. HISTORICAL EXPENSES

The following table presents Marina Fund expenses by department in 2004 and 2014 (preliminary), and annual growth rates for each component.

Exhibit 27. Marina Fund Expenses, 2004 and 2014 (preliminary)

	2004	2014	Annual Growth
Parks & Rec (incl. maint.)	\$7,063,498	\$8,309,933	1.6%
Security	\$1,780,406	\$2,563,978	3.7%
Marine Safety/Lifeguards	\$1,350,726	\$1,650,897	2.0%
Lease Management	\$13,009	\$122,638	25.2%
Financial Management	\$40,319	\$62,098	4.4%
Interest on Debt	\$2,326,739	\$2,424,190	0.4%
City Overhead	\$376,807	\$483,544	2.5%
Total	\$12,951,505	\$15,617,279	1.9%

Source: City of Long Beach

Annual growth in total Marina Fund expenses averaged 1.9% between 2004 and 2014. Excluding debt service, expenses grew by 2.2% annually. Generally, it appears that the City has controlled expenses well over the period. Maintenance expenses grew faster than this rate between 2007 and 2010 (total expenses actually peaked at \$17.4 million in 2009) but they have returned to more normal levels in recent years. A change in a salary allocation for the Lease Management function in 2012 explains the relatively large increase in that small line item (which represents only 0.8% of total expenses).

Marina Fund expenses excluding debt service averaged \$13.3 million from 2012 to 2014. The following table presents a breakdown of average expenses by major category over that period.

Exhibit 28. Average Marina Fund Expenses, Excluding Debt Service, 2012-2014

	Average 2012-2014
Maintenance	\$3,640,000
Parks & Recreation Operations	\$4,839,000
Security	\$2,636,000
Marine Safety/Lifeguards	\$1,605,000
Lease Management	\$110,000
Financial Management	\$64,000
City Overhead	\$411,000
Total Expenses	\$13,305,000

B. PROJECTED ADJUSTMENTS TO MAINTENANCE EXPENSE

Immediately following construction, the maintenance expenses are typically related to dock system adjustments, correcting a construction deficiency that has arisen, or relatively minor corrections.

In the out years, the maintenance should be limited to primarily fixing parts and appurtenances damaged by boaters, nominal dock leveling and tightening, and maintenance of the utility systems. The new style concrete dock systems should provide a relatively long and relatively low maintenance service life. The utility systems, pump out systems and pile guides are likely the highest on the list of maintenance tasks. Projected Maintenance Division expenses are projected to cover all of these routine and preventative maintenance tasks. Net income in excess of \$4 million per year will be more than sufficient to cover any unanticipated maintenance projects.

Concrete cracking and float repairs should be well addressed within the warranty period. There will be some, but it will likely be the exception than the rule.

In a cursory consideration, it seems that a relatively small and efficient maintenance crew would be very cost effective. The crew could be trained by the contractor during the warranty period and they will learn with experience over time. An advantage of City personnel is that there would be City marina ambassadors on the docks on a regular basis. The boaters will enjoy getting to know them; they will improve customer service and compliance with marina rules and are a natural security improvement.

The material and tool costs to support this will be equal to or less than for a contract service. There are some advantages to prepaid maintenance contracts, but generally these advantages are greater for the smaller marina operator. The contractor would typically send personnel to the site to perform routine inspections and overall maintenance adjustments. The inspections would start at frequent intervals immediately after construction with the intervals expanding over time. In the early inspections the contract will perform leveling and connection tightening as the system reaches its equilibrium after construction. Typically, if there are any damaged materials or broken items these would be replaced and the material costs charged to the owner. Some of the maintenance contracts we've seen require the owner (or personnel) to conduct routine dock walks (inspections) and keep a log of deficiencies. Then the contractor will schedule a time to address these deficiencies. Again, there is a potential that the owner could be charged for the labor and materials for these repairs if they are out of warranty.

Beginning in 2017 when the rebuild is mostly complete, we assume a slight (5%, or approximately \$200,000) annual reduction in maintenance expense to reflect the fact that the new docks will require less maintenance than the existing docks have historically. Note: as a basis for our projections, and to be conservative, we used the average of the budgeted maintenance expenses from 2012-2014 (\$4.3 million) instead of the average of the actual

maintenance expenses (\$3.6 million). We did this in part because maintenance expenses in years prior to 2012 were much higher than actuals reported in the two most recent years.

C. PROJECTED EXPENSES

We project a 2.5% annual growth in total expenses in all scenarios. This is slightly higher than the 10-year annual average of 2.2% (1.9% including debt service), but more in line with 20-year average historical growth in national inflation indexes.

We project expenses to grow faster than projected revenues to be especially conservative. It is unlikely that over the long term there would be a 0.5 percentage point differential between annual revenue growth and expense growth, although this could occur over the short run. Regardless, our calculations show that even in a very conservative scenario in which expense growth consistently outpaces revenue growth, the debt coverage ratio is sufficient.

Projected Marina Fund expenses excluding debt service are presented in the following table.

Exhibit 29. Marina Fund Expense Projections, excluding debt service

	Maintenance	Parks & Recreation Operations (excl. Maint)	Security	Marine Safety/Lifeguards	Other	Total
2015	\$4,406,816	\$4,959,695	\$2,701,666	\$1,645,446	\$599,291	\$14,312,914
2016	\$4,516,987	\$5,083,688	\$2,769,207	\$1,686,582	\$614,273	\$14,670,737
2017	\$4,429,911	\$5,210,780	\$2,838,437	\$1,728,746	\$629,630	\$14,837,505
2018	\$4,540,659	\$5,341,050	\$2,909,398	\$1,771,965	\$645,371	\$15,208,443
2019	\$4,654,176	\$5,474,576	\$2,982,133	\$1,816,264	\$661,505	\$15,588,654
2020	\$4,770,530	\$5,611,440	\$3,056,687	\$1,861,671	\$678,043	\$15,978,370
2021	\$4,889,793	\$5,751,726	\$3,133,104	\$1,908,213	\$694,994	\$16,377,830
2022	\$5,012,038	\$5,895,519	\$3,211,431	\$1,955,918	\$712,368	\$16,787,275
2023	\$5,137,339	\$6,042,907	\$3,291,717	\$2,004,816	\$730,178	\$17,206,957
2024	\$5,265,773	\$6,193,980	\$3,374,010	\$2,054,936	\$748,432	\$17,637,131

All expenses are projected to continue to grow at 2.5% through the forecast period.

The following table summarizes total revenue, expenses, and net operating income (NOI) in the Base Case.

Exhibit 30. Base Case Total Revenues, Expenses and Net Operating Income

	Revenues	Expenses	Net Operating Income
2015	\$20,833,669	\$14,312,914	\$6,520,755
2016	\$21,305,422	\$14,670,737	\$6,634,686
2017	\$22,762,833	\$14,837,505	\$7,925,327
2018	\$25,838,419	\$15,208,443	\$10,629,976
2019	\$26,355,188	\$15,588,654	\$10,766,534
2020	\$26,882,291	\$15,978,370	\$10,903,921
2021	\$27,419,937	\$16,377,830	\$11,042,107
2022	\$27,968,336	\$16,787,275	\$11,181,060
2023	\$28,527,703	\$17,206,957	\$11,320,745
2024	\$29,098,257	\$17,637,131	\$11,461,125

VII. FINANCIAL PROJECTIONS FOR THE MARINA FUND

Morgan Stanley provided a schedule projecting total debt service including refunding of DBW loans and release of DBW reserves, as well as \$49.2 million of new money bonds at an average aggregate borrowing rate of 4.50%. We present this net debt service schedule and projected coverage ratios under the Base Case below.

Exhibit 31. Projected Debt Service Coverage Ratios, Base Case

Year	Net Operating Income	Net Debt Service	Coverage Ratio
2015	\$6,520,755	-	-
2016	\$6,634,686	\$2,885,435	2.30
2017	\$7,925,327	\$4,302,675	1.84
2018	\$10,629,976	\$6,763,050	1.57
2019	\$10,766,534	\$6,850,250	1.57
2020	\$10,903,921	\$6,938,750	1.57
2021	\$11,042,107	\$7,024,500	1.57
2022	\$11,181,060	\$7,112,250	1.57
2023	\$11,320,745	\$7,201,500	1.57
2024	\$11,461,125	\$7,291,750	1.57
2025	\$11,602,162	\$7,382,500	1.57
2026	\$11,743,815	\$7,473,250	1.57
2027	\$11,886,042	\$7,563,500	1.57
2028	\$12,028,796	\$7,652,750	1.57
2029	\$12,172,031	\$7,745,500	1.57
2030	\$12,315,698	\$7,836,000	1.57
2031	\$12,459,744	\$7,923,750	1.57
2032	\$12,604,114	\$7,928,250	1.59
2033	\$12,748,750	\$7,928,000	1.61
2034	\$12,893,593	\$7,927,750	1.63
2035	\$13,038,580	\$7,927,000	1.64
2036	\$13,183,645	\$7,925,250	1.66
2037	\$13,328,718	\$7,927,000	1.68
2038	\$13,473,727	\$7,926,500	1.70
2039	\$13,618,598	\$7,928,250	1.72
2040	\$13,763,250	\$7,926,500	1.74
2041	\$13,907,603	\$7,925,750	1.75
2042	\$14,051,570	\$7,925,250	1.77
2043	\$14,195,062	\$7,924,250	1.79
2044	\$14,337,986	\$7,927,000	1.81
2045	\$14,480,243	\$7,927,500	1.83

The table shows a coverage ratio of 2.30 in 2016, 1.84 in 2017 and 1.57 in 2018, as net debt service increases according to the schedule provided by Morgan Stanley. Since we project net operating income to grow annually after that and the net debt service stays relatively constant, the coverage ratio increases gradually over time.

VIII. SENSITIVITY ANALYSIS

The previous sections presented assumptions and results related to the Base Case. In this section we describe assumptions and results related to the Market Level Case and the Stressed Case.

Rental Rate Projection

The Base Case in the model assumes consistent 2% slip rental rate increases for the Long Beach marinas through the 30-year projection period.

The Market Level Case assumes a moderate “catch-up” to the middle of the range of competitive market rates. **We showed previously that Long Beach rates are still around 9-10% lower than the average of the marinas that it surveys annually. However, we made adjustments for proximity and relevance and find that Long Beach may be only around 6.5% below a true competitive average.** Therefore, the Market Level Case assumes that Long Beach rates grow by 3% annually (1% per year higher than the presumed market average) for a five-year period beginning in 2016, and then by 2% annually beginning in 2021. As this series of rate increases would place Long Beach near the midpoint of an adjusted average, we do not anticipate any negative impact to slip occupancy in this scenario.

The Stressed Case assumes that there is an economic slowdown that impacts both occupancy and the ability to raise rates in the marina. Data from the 2008-2010 recessionary period shows that average market rates grew very slowly, and rate growth was near zero for smaller slip sizes. At Alamitos Bay, there was not a significant impact to occupancy rates over this period, while at some other regional marinas there was a slight decline in occupancy. Although we do not foresee a recession in the near future, for the sake of constructing this scenario we assume an economic downturn beginning in 2018. We assume that this downturn leads to zero rate growth for three years beginning in that year, with 2% rate growth resuming in 2021. We believe that it is a conservative approach to assume this downturn early in the forecast period so that projected revenues are affected over a longer period of time. The cumulative impact of the reduction in rate growth is a 6% decline in the level of projected revenue annually from 2020 through the end of the forecast period.

The following table summarizes rate growth assumptions in each of the three scenarios.

Exhibit 32. Slip Rental Rate Growth Assumptions

	2015	2016	2017	2018	2019	2020	2021-45
Base Case	2%	2%	2%	2%	2%	2%	2%
Market Level Case	2%	3%	3%	3%	3%	3%	2%
Stressed Case	2%	2%	2%	0%	0%	0%	2%

Occupancy Rate Projections

In the Market Level Case, we assume the same occupancy trend as the Base Case. The moderate, 3% annual increase in rates between 2016 and 2020 is not anticipated to impact occupancy at Alamos Bay Marina.

In the Stressed Case, we assume that occupancy for slips 30' and smaller falls to 80% and that occupancy for slips 35' and longer falls to 90%. This assumption is very conservative in terms of revenue projection, as it is unlikely that occupancy would fall this far. There is no evidence from the last recession that would suggest this much of a decline. However, because the Stressed Case is representative of a worst-case scenario, we exaggerate the potential decline in slip occupancy.

The following table summarizes the occupancy rate assumptions under each of the three scenarios.

Exhibit 33. Alamos Bay Marina Slip Occupancy Rate Assumptions

	2015	2016	2017	2018	2019	2020	2021-45
Base Case < 30'	67%	67%	75%	95%	95%	95%	95%
Base Case > 35'	67%	67%	75%	98%	98%	98%	98%
Market Case < 30'	67%	67%	75%	95%	95%	95%	95%
Market Case > 35'	67%	67%	75%	98%	98%	98%	98%
Stressed Case < 30	67%	67%	75%	80%	80%	80%	95%
Stressed Case > 35	67%	67%	75%	90%	90%	90%	98%

Note that we assume occupancy at the Shoreline and Rainbow Marinas is not impacted during the ABM Rebuild construction period, remaining at 95% for smaller slips and 98% for larger slips during the 2015-2017 period. However, the Stressed Case occupancy assumptions from 2018-2020 also impact the Shoreline and Rainbow Marinas.

The following table presents revenue projections under the Market Level Case.

Exhibit 34. Market Level Case Slip Rental Revenue Projections, Long Beach Marinas

	Alamitos Bay	Shoreline	Rainbow	Total	Growth
2015	\$7,397,261	\$10,611,945	\$580,472	\$18,589,678	
2016	\$7,619,179	\$10,930,303	\$597,887	\$19,147,369	3.0%
2017	\$8,784,800	\$11,258,212	\$615,823	\$20,658,835	7.9%
2018	\$11,746,500	\$11,595,958	\$634,298	\$23,976,757	16.1%
2019	\$12,098,895	\$11,943,837	\$653,327	\$24,696,059	3.0%
2020	\$12,461,862	\$12,302,152	\$672,927	\$25,436,941	3.0%
2021	\$12,711,099	\$12,548,195	\$686,385	\$25,945,680	2.0%
2022	\$12,965,321	\$12,799,159	\$700,113	\$26,464,594	2.0%
2023	\$13,224,628	\$13,055,142	\$714,115	\$26,993,885	2.0%
2024	\$13,489,120	\$13,316,245	\$728,398	\$27,533,763	2.0%

In the Market Level Case, rates increase by 3% annually from 2016 through 2020, so revenue growth is 1% higher than the Base Case in those years (slightly more in 2017 and 2018 due to the combination of rate and occupancy effects).

Other Marina Fund revenue is projected to grow at 2% annually in this scenario as well. The following table summarizes slip rental revenue, other revenue and total revenue in the Market Level Case.

Exhibit 35. Market Level Case Slip Revenue, Other Revenue and Total Revenue

	Slip Revenue	Other Revenue	Total	Growth
2015	\$18,589,678	\$2,243,991	\$20,833,669	
2016	\$19,147,369	\$2,343,950	\$21,491,319	3.2%
2017	\$20,658,835	\$2,503,193	\$23,162,028	7.8%
2018	\$23,976,757	\$2,553,257	\$26,530,013	14.5%
2019	\$24,696,059	\$2,604,322	\$27,300,381	2.9%
2020	\$25,436,941	\$2,656,408	\$28,093,349	2.9%
2021	\$25,945,680	\$2,709,536	\$28,655,216	2.0%
2022	\$26,464,594	\$2,763,727	\$29,228,320	2.0%
2023	\$26,993,885	\$2,819,001	\$29,812,887	2.0%
2024	\$27,533,763	\$2,875,382	\$30,409,145	2.0%

The following table presents revenue projections under the Stressed Case.

Exhibit 36. Stressed Case Slip Rental Revenue Projections, Long Beach Marinas

	Alamitos Bay	Shoreline	Rainbow	Total	Growth
2015	\$7,397,261	\$10,611,945	\$580,472	\$18,589,678	
2016	\$7,545,207	\$10,824,183	\$592,082	\$18,961,472	2.0%
2017	\$8,615,049	\$11,040,667	\$603,924	\$20,259,640	6.8%
2018	\$10,094,734	\$9,949,693	\$537,861	\$20,582,288	1.6%
2019	\$10,094,734	\$9,949,693	\$537,861	\$20,582,288	0.0%
2020	\$10,094,734	\$9,949,693	\$537,861	\$20,582,288	0.0%
2021	\$11,407,680	\$11,261,480	\$616,002	\$23,285,163	13.1%
2022	\$11,635,834	\$11,486,710	\$628,322	\$23,750,866	2.0%
2023	\$11,868,550	\$11,716,444	\$640,889	\$24,225,883	2.0%
2024	\$12,105,921	\$11,950,773	\$653,706	\$24,710,401	2.0%

Projected 2021 slip rental revenue in the Stressed Case (\$23.3 million) is approximately \$1.4 million lower than in the Base Case (\$24.7 million) and \$2.6 million lower than in the Market Level Case (\$25.9 million). Again, each of these revenue figures grows by 2% annually through the rest of the projection period.

Other Marina Fund revenue is projected to grow at 2% annually in this scenario as well. The following table summarizes slip rental revenue, other revenue and total revenue in the Stressed Case.

Exhibit 37. Stressed Case Slip Revenue, Other Revenue and Total Revenue

	Slip Revenue	Other Revenue	Total	Growth
2015	\$18,589,678	\$2,243,991	\$20,833,669	
2016	\$18,961,472	\$2,343,950	\$21,305,422	2.3%
2017	\$20,259,640	\$2,503,193	\$22,762,833	6.8%
2018	\$20,582,288	\$2,553,257	\$23,135,544	1.6%
2019	\$20,582,288	\$2,604,322	\$23,186,609	0.2%
2020	\$20,582,288	\$2,656,408	\$23,238,696	0.2%
2021	\$23,285,163	\$2,709,536	\$25,994,699	11.9%
2022	\$23,750,866	\$2,763,727	\$26,514,593	2.0%
2023	\$24,225,883	\$2,819,001	\$27,044,885	2.0%
2024	\$24,710,401	\$2,875,382	\$27,585,782	2.0%

Expense Projections

Expense projections are the same as in the Base Case under both alternative scenarios. Since only rates are increasing in the Market Level Case and all other variables remain the same, there is no reason for expenses to increase. In the Stressed Case, it could be argued that a weak economy would lead to lower expense inflation, but we keep expenses growing at 2.5% annually even under that scenario to be conservative.

The following table summarizes total revenue, expenses, and net operating income (NOI) in the Market Level case.

Exhibit 38. Market Level Case Total Revenues, Expenses and Net Operating Income

	Revenues	Expenses	Net Operating Income
2015	\$20,833,669	\$14,312,914	\$6,520,755
2016	\$21,491,319	\$14,670,737	\$6,820,582
2017	\$23,162,028	\$14,837,505	\$8,324,523
2018	\$26,530,013	\$15,208,443	\$11,321,570
2019	\$27,300,381	\$15,588,654	\$11,711,727
2020	\$28,093,349	\$15,978,370	\$12,114,979
2021	\$28,655,216	\$16,377,830	\$12,277,387
2022	\$29,228,320	\$16,787,275	\$12,441,045
2023	\$29,812,887	\$17,206,957	\$12,605,930
2024	\$30,409,145	\$17,637,131	\$12,772,013

The following table summarizes total revenue, expenses, and net operating income (NOI) in the Stressed Case.

Exhibit 39. Stressed Case Total Revenues, Expenses and Net Operating Income

	Revenues	Expenses	Net Operating Income
2015	\$20,833,669	\$14,312,914	\$6,520,755
2016	\$21,305,422	\$14,670,737	\$6,634,686
2017	\$22,762,833	\$14,837,505	\$7,925,327
2018	\$23,135,544	\$15,208,443	\$7,927,101
2019	\$23,186,609	\$15,588,654	\$7,597,955
2020	\$23,238,696	\$15,978,370	\$7,260,325
2021	\$25,994,699	\$16,377,830	\$9,616,869
2022	\$26,514,593	\$16,787,275	\$9,727,317
2023	\$27,044,885	\$17,206,957	\$9,837,927
2024	\$27,585,782	\$17,637,131	\$9,948,651

In 2021, projected NOI is \$11.0 million in the Base Case, \$12.3 million in the Market Level Case, and \$9.6 million in the Stressed Case.

Debt Service Coverage Ratios

Morgan Stanley provided a schedule projecting total debt service including refunding of DBW loans and release of DBW reserves, as well as \$49.2 million of new money bonds an average aggregate borrowing rate of 4.50%. We present this net debt service schedule and projected coverage ratios under the Market Level Case and the Stressed Case in the following two tables.

Exhibit 40. Projected Debt Service Coverage Ratios, Market Level Case

Year	Net Operating Income	Net Debt Service	Coverage Ratio
2015	\$6,520,755	-	-
2016	\$6,820,582	\$2,885,435	2.36
2017	\$8,324,523	\$4,302,675	1.93
2018	\$11,321,570	\$6,763,050	1.67
2019	\$11,711,727	\$6,850,250	1.71
2020	\$12,114,979	\$6,938,750	1.75
2021	\$12,277,387	\$7,024,500	1.75
2022	\$12,441,045	\$7,112,250	1.75
2023	\$12,605,930	\$7,201,500	1.75
2024	\$12,772,013	\$7,291,750	1.75
2025	\$12,939,268	\$7,382,500	1.75
2026	\$13,107,663	\$7,473,250	1.75
2027	\$13,277,166	\$7,563,500	1.76
2028	\$13,447,743	\$7,652,750	1.76
2029	\$13,619,358	\$7,745,500	1.76
2030	\$13,791,971	\$7,836,000	1.76
2031	\$13,965,542	\$7,923,750	1.76
2032	\$14,140,028	\$7,928,250	1.78
2033	\$14,315,383	\$7,928,000	1.81
2034	\$14,491,559	\$7,927,750	1.83
2035	\$14,668,505	\$7,927,000	1.85
2036	\$14,846,168	\$7,925,250	1.87
2037	\$15,024,491	\$7,927,000	1.90
2038	\$15,203,416	\$7,926,500	1.92
2039	\$15,382,880	\$7,928,250	1.94
2040	\$15,562,819	\$7,926,500	1.96
2041	\$15,743,163	\$7,925,750	1.99
2042	\$15,923,841	\$7,925,250	2.01
2043	\$16,104,779	\$7,924,250	2.03
2044	\$16,285,896	\$7,927,000	2.05
2045	\$16,467,112	\$7,927,500	2.08

The table shows a coverage ratio of 2.36 in 2016 and 1.67 in 2018, the year in which the net debt service increases by almost \$2.5 million according to the schedule provided by Morgan Stanley. Since we project net operating income to grow annually after that and the net debt service stays relatively constant, the coverage ratio increases gradually.

Exhibit 41. Projected Debt Service Coverage Ratios, Stressed Case

Year	Net Operating Income	Net Debt Service	Coverage Ratio
2015	\$6,520,755	-	-
2016	\$6,634,686	\$2,885,435	2.30
2017	\$7,925,327	\$4,302,675	1.84
2018	\$7,927,101	\$6,763,050	1.17
2019	\$7,597,955	\$6,850,250	1.11
2020	\$7,260,325	\$6,938,750	1.05
2021	\$9,616,869	\$7,024,500	1.37
2022	\$9,727,317	\$7,112,250	1.37
2023	\$9,837,927	\$7,201,500	1.37
2024	\$9,948,651	\$7,291,750	1.36
2025	\$10,059,439	\$7,382,500	1.36
2026	\$10,170,237	\$7,473,250	1.36
2027	\$10,280,992	\$7,563,500	1.36
2028	\$10,391,645	\$7,652,750	1.36
2029	\$10,502,138	\$7,745,500	1.36
2030	\$10,612,407	\$7,836,000	1.35
2031	\$10,722,386	\$7,923,750	1.35
2032	\$10,832,009	\$7,928,250	1.37
2033	\$10,941,204	\$7,928,000	1.38
2034	\$11,049,896	\$7,927,750	1.39
2035	\$11,158,009	\$7,927,000	1.41
2036	\$11,265,462	\$7,925,250	1.42
2037	\$11,372,171	\$7,927,000	1.43
2038	\$11,478,049	\$7,926,500	1.45
2039	\$11,583,006	\$7,928,250	1.46
2040	\$11,686,947	\$7,926,500	1.47
2041	\$11,789,774	\$7,925,750	1.49
2042	\$11,891,385	\$7,925,250	1.50
2043	\$11,991,673	\$7,924,250	1.51
2044	\$12,090,528	\$7,927,000	1.53
2045	\$12,187,837	\$7,927,500	1.54

The table shows a coverage ratio of 2.30 in 2016 and 1.05 in 2020, the end of the stressed period according to the assumptions for this scenario. Beginning in 2021, the coverage ratio remains above 1.30 for the remainder of the projection period.

The following table summarizes debt service coverage levels under the Base Case, Market Level Case, and Stressed Case.

Exhibit 42. Summary of Projected Debt Service Coverage Ratios

Year	Base Case	Market Level Case	Stressed Case
2015	-	-	-
2016	2.30	2.36	2.30
2017	1.84	1.93	1.84
2018	1.57	1.67	1.17
2019	1.57	1.71	1.11
2020	1.57	1.75	1.05
2021	1.57	1.75	1.37
2022	1.57	1.75	1.37
2023	1.57	1.75	1.37
2024	1.57	1.75	1.36
2025	1.57	1.75	1.36
2026	1.57	1.75	1.36
2027	1.57	1.76	1.36
2028	1.57	1.76	1.36
2029	1.57	1.76	1.36
2030	1.57	1.76	1.35
2031	1.57	1.76	1.35
2032	1.59	1.78	1.37
2033	1.61	1.81	1.38
2034	1.63	1.83	1.39
2035	1.64	1.85	1.41
2036	1.66	1.87	1.42
2037	1.68	1.90	1.43
2038	1.70	1.92	1.45
2039	1.72	1.94	1.46
2040	1.74	1.96	1.47
2041	1.75	1.99	1.49
2042	1.77	2.01	1.50
2043	1.79	2.03	1.51
2044	1.81	2.05	1.53
2045	1.83	2.08	1.54

IX. RISK ASSESSMENT

A. GENERAL REGULATORY/SECTOR/ECONOMIC RISKS

Key general risks that impact marina occupancy include economic downturns, fuel prices, the condition of berthing facilities, and the development of new competing facilities.

As noted extensively above, Alamitos Bay is a tremendous location that offers exceptional recreational opportunities. It is located adjacent to a large protected bay that allows for reliable, consistent winds with little to no waves; ideal for all types of sailing as well as power boating. It is for these reasons that occupancy rates at Alamitos Bay have historically exceeded occupancy rates at other marinas in the region.

Even prior to recent rehabilitation efforts at various basins within the marina, when the condition of the docks were at the low end of the competitive range, occupancy rates were still relatively high compared to the market. After the Rebuild Project, the slips at Alamitos Bay will all be among the newest and highest quality in the region, so there will be little risk of renters leaving due to the condition of the docks.

Long Beach occupancy rates benefit from two overarching factors related to the local economy. First, a very large and relatively affluent population base within Long Beach and adjacent cities. But this is not to say that only affluent people are boaters. With the large supply of slips, slip fees were never so high that anyone would be priced out. If rates stay near the midpoint of market averages, slip occupancy should not be affected.

Secondly and somewhat related, the general economic health of Long Beach and its industries saved its citizens from the worst impacts of economic downturns. Of course there were effects, but the overall economic strength of the area is another positive factor related to the marina's location.

As previously discussed, there are no plans to construct competing marinas in the area that would draw demand from Alamitos Bay.

Long Beach has obtained all necessary approvals and permits from regulatory agencies to complete the Rebuild Project, and after project completion future regulatory risks are not anticipated to have an impact on projected revenue and expenses.

B. EXTREME ENVIRONMENTAL RISKS

Alamitos Bay was originally constructed and opened in the late 1950s to early 1960s. The main infrastructure is a series of Basins edging the harbor protected with concrete seawalls to form the perimeters. The harbor is protected by a long inlet that opens into Long Beach Harbor which is also protected with the multi-mile federal breakwater.

This unique setting provides significant protection from open ocean swells, long period waves and even protection from Tsunamis. Although there can never be full protection from these events, the Alamitos Bay Marina is afforded some of the best protection available. Only large scale tsunamis could provide a significant threat at this location.

The more important environmental risk factor would result from local seismic activities that could affect the perimeter seawalls or cause areas of liquefaction. In simple terms, the lateral force of an earthquake could cause portions of the seawall to crack or separate. In the event of soil liquefaction, the underlying supporting soils might fail causing the seawall to move from its existing position or possibly even fall over altogether.

However, in assessing the risk of these events to the marina, one must consider the full range of events that it has already survived with little to no damage. Also these types of events are typically highly localized, meaning the damage would occur in one or a few limited areas. The potential for a total basin wide failure is extremely unlikely.

It is understood that during the process of preparing for the overall marina rehabilitation process the condition of the seawalls were assessed. The landside work packages include some elements of seawall repair or rehabilitation of the seawall revetment to help stabilize the seawall foundations.

This work should progress as efficiently as possible and it is easier to accomplish when full access is available. However, the seawalls are a very expensive part of the infrastructure that does not generate revenues, so it is conceivable that immediately required repairs be accomplished but that the overall maintenance can be developed in a long term program as funding is available.

X. REVIEW OF PROJECT SCOPE, EXPECTED CAPITAL EXPENDITURES AND CONSTRUCTION TIME FRAME

A. PERMITS

In the existing permit, all critical dredging will be completed by October 2015. It appears that this schedule is designed to coincide with the marina rehabilitation work. Granted it is most efficient to perform the dredge operations while there are no slips, pile or other obstacles in the way. Further, the prices quoted by the contractor that illustrate the added costs of upland disposal options are fairly realistic. Also the costs for open ocean disposal seem in line with recent dredge episodes.

B. OPINION ON PROJECT COST AND TIME FRAME

Based on a review of the Bellingham Marine contract with the city, the Concept Marine Associates construction management agreement, all amendments to these contracts and agreements, and recent project status update letters, we are confident that the Alamos Bay Rehabilitation Project can be delivered for the \$109 million projected cost, inclusive of all contingencies, permits and overhead costs. This \$109 million figure includes \$49 million in completed work on Basins 1, 4, 5, and 8, as well as \$60 million in ongoing and projected waterside and utilities work on Basins 2, 3, 6, and 7, and the dry boat storage area near Basin 2.

Total project costs to date, as well as remaining projected costs, are in line with recent completed projects in Southern California, including those at Cabrillo Way Marina and Marina del Rey. Costs for marina components, dredging, landside improvements, utilities, permits, and overhead have fallen well within industry norms. Due to the phased implementation of the project, some costs have grown from original 2007 estimates, but have remained within reasonable ranges.

Several phases of the Alamos Bay project have already been completed without cost overruns, and we do not foresee any issues that would lead to additional costs above remaining projections and contingencies.

Given the pace at which the contractors have completed Basins 1, 4, 5, and 8, and the progress of ongoing work, we are confident that the remainder of the project can be completed by 2018.

XI. SUMMARY AND CONCLUSION

The following bullet points summarize the key findings of this report.

- Alamitos Bay Marina benefits from a prime location that allows for reliable, consistent winds with little to no waves; ideal for all types of sailing as well as power boating. Relative to other marinas in the area, these characteristics make Alamitos Bay relatively desirable and have contributed to historical occupancy rates that have exceeded market averages.
- Slip rental rates at Alamitos Bay have averaged approximately 10% below rates charged by marinas in the comparable survey set gathered annually by Long Beach. However, when considering the marinas in closest proximity and with similar management and ownership structures, Alamitos Bay rates are competitive at approximately 6.5% below the average of the comparable set.
- Market slip rental rates grew significantly through 2009, at an average of 4% to 8% per year. After the financial crisis and recession, this growth in rental rates has proven unsustainable. Since 2010, market rental rates have grown at around 2% annually on average. Rental rates for smaller slips have grown at around 1% annually, and for slips 35' and above, they have grown at 2% to 2.5% annually.
- Interviews with marina operators indicate that expectations of annual rate increases over the next several years are in the 1% to 3% range, with lower annual increases predominating.
- Given the Rebuild Project's shift away from smaller slips and to larger slips, which responds to demand trends and reflects changes that have occurred throughout the market area, occupancy rates are expected to remain high—near full occupancy—through the forecast period.
- Marina Fund expenses grew at 1.9% annually between 2004 and 2014; 2.2% excluding debt service. To be conservative, we project 2.5% annual growth in expenses, in line with historical CPI-U inflation indices.
- In the Base Case, we assume 2% annual growth in rental rates throughout the forecast period, and occupancy stabilizing at 95% for slips 30' and under and 98% for slips 35' and over after the Rebuild Project. Given these assumptions and the baseline debt service schedule, debt coverage ratios exceed 1.50 in all years.
- In the Market Level Case, we assume 3% annual growth in rental rates for a five-year period so that rates “catch up” to the adjusted market average, which is currently around 6.5% higher than Long Beach rates.
- In the Stressed Case, we assume three years of zero rate growth and occupancy rates falling to 80% for smaller slips and 90% for larger slips. After the three-year stressed period, debt coverage ratios exceed 1.30 in all years in this scenario.
- Given the contractors' performance and progress to date, we are confident that the Rebuild Project can be delivered on time (by 2018) and within budget (\$109 million inclusive of all contingencies, permits and overhead costs).

Exhibit A—BASE CASE

Projected Rental Rates by Slip Size

Projected Occupancy

Pro Forma Income Statement (Revenue, Expenses, and Debt Coverage Ratios)

Projected Monthly Rates per Linear Foot

BASE CASE

Slip Size
(Feet)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase, 30' and below	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Increase, 35' and above	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
20	\$9.15	\$9.34	\$9.52	\$9.71	\$9.91	\$10.11	\$10.31	\$10.52	\$10.73	\$10.94	\$11.16	\$11.38	\$11.61	\$11.84	\$12.08	\$12.32
25	\$11.44	\$11.67	\$11.90	\$12.14	\$12.38	\$12.63	\$12.88	\$13.14	\$13.40	\$13.67	\$13.94	\$14.22	\$14.51	\$14.80	\$15.09	\$15.39
30	\$13.73	\$14.00	\$14.28	\$14.57	\$14.86	\$15.16	\$15.46	\$15.77	\$16.08	\$16.41	\$16.73	\$17.07	\$17.41	\$17.76	\$18.11	\$18.48
35	\$15.00	\$15.30	\$15.60	\$15.91	\$16.23	\$16.56	\$16.89	\$17.23	\$17.57	\$17.92	\$18.28	\$18.64	\$19.02	\$19.40	\$19.79	\$20.18
40	\$16.27	\$16.59	\$16.92	\$17.26	\$17.61	\$17.96	\$18.32	\$18.69	\$19.06	\$19.44	\$19.83	\$20.23	\$20.63	\$21.04	\$21.46	\$21.89
45	\$17.03	\$17.37	\$17.72	\$18.07	\$18.43	\$18.80	\$19.18	\$19.56	\$19.95	\$20.35	\$20.76	\$21.18	\$21.60	\$22.03	\$22.47	\$22.92
50	\$17.54	\$17.89	\$18.25	\$18.61	\$18.98	\$19.36	\$19.75	\$20.15	\$20.55	\$20.96	\$21.38	\$21.81	\$22.24	\$22.69	\$23.14	\$23.61
55	\$18.81	\$19.19	\$19.57	\$19.96	\$20.36	\$20.77	\$21.18	\$21.61	\$22.04	\$22.48	\$22.93	\$23.39	\$23.86	\$24.33	\$24.82	\$25.32
60	\$18.81	\$19.19	\$19.57	\$19.96	\$20.36	\$20.77	\$21.18	\$21.61	\$22.04	\$22.48	\$22.93	\$23.39	\$23.86	\$24.33	\$24.82	\$25.32
70	\$20.07	\$20.48	\$20.88	\$21.30	\$21.73	\$22.16	\$22.61	\$23.06	\$23.52	\$23.99	\$24.47	\$24.96	\$25.46	\$25.97	\$26.49	\$27.02
75	\$20.76	\$21.17	\$21.60	\$22.03	\$22.47	\$22.92	\$23.38	\$23.85	\$24.32	\$24.81	\$25.31	\$25.81	\$26.33	\$26.85	\$27.39	\$27.94
80	\$21.35	\$21.78	\$22.21	\$22.66	\$23.11	\$23.57	\$24.05	\$24.53	\$25.02	\$25.52	\$26.03	\$26.55	\$27.08	\$27.62	\$28.17	\$28.74
90	\$22.62	\$23.07	\$23.54	\$24.01	\$24.49	\$24.98	\$25.48	\$25.99	\$26.51	\$27.04	\$27.58	\$28.13	\$28.69	\$29.26	\$29.85	\$30.45
95	\$23.29	\$23.76	\$24.23	\$24.72	\$25.21	\$25.72	\$26.23	\$26.75	\$27.29	\$27.83	\$28.39	\$28.96	\$29.54	\$30.13	\$30.73	\$31.35
100	\$23.89	\$24.37	\$24.86	\$25.36	\$25.86	\$26.38	\$26.91	\$27.45	\$27.99	\$28.55	\$29.13	\$29.71	\$30.30	\$30.91	\$31.53	\$32.16
105	\$24.56	\$25.05	\$25.55	\$26.06	\$26.58	\$27.11	\$27.66	\$28.21	\$28.77	\$29.35	\$29.94	\$30.54	\$31.15	\$31.77	\$32.40	\$33.05
115	\$25.83	\$26.34	\$26.87	\$27.41	\$27.96	\$28.52	\$29.09	\$29.67	\$30.26	\$30.87	\$31.48	\$32.11	\$32.76	\$33.41	\$34.08	\$34.76

Projected Monthly Rates per Linear Foot

BASE CASE

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Slip Size (Feet)	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Annual Increase, 30' and below	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Increase, 35' and above	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
20	\$12.57	\$12.82	\$13.07	\$13.34	\$13.60	\$13.88	\$14.15	\$14.44	\$14.72	\$15.02	\$15.32	\$15.63	\$15.94	\$16.26	\$16.58
25	\$15.70	\$16.02	\$16.34	\$16.66	\$17.00	\$17.34	\$17.68	\$18.04	\$18.40	\$18.77	\$19.14	\$19.52	\$19.91	\$20.31	\$20.72
30	\$18.84	\$19.22	\$19.61	\$20.00	\$20.40	\$20.81	\$21.22	\$21.65	\$22.08	\$22.52	\$22.97	\$23.43	\$23.90	\$24.38	\$24.87
35	\$20.59	\$21.00	\$21.42	\$21.85	\$22.28	\$22.73	\$23.18	\$23.65	\$24.12	\$24.60	\$25.09	\$25.60	\$26.11	\$26.63	\$27.16
40	\$22.33	\$22.78	\$23.23	\$23.70	\$24.17	\$24.66	\$25.15	\$25.65	\$26.17	\$26.69	\$27.22	\$27.77	\$28.32	\$28.89	\$29.47
45	\$23.38	\$23.85	\$24.32	\$24.81	\$25.31	\$25.81	\$26.33	\$26.86	\$27.39	\$27.94	\$28.50	\$29.07	\$29.65	\$30.24	\$30.85
50	\$24.08	\$24.56	\$25.05	\$25.55	\$26.06	\$26.58	\$27.11	\$27.66	\$28.21	\$28.77	\$29.35	\$29.94	\$30.54	\$31.15	\$31.77
55	\$25.82	\$26.34	\$26.86	\$27.40	\$27.95	\$28.51	\$29.08	\$29.66	\$30.25	\$30.86	\$31.48	\$32.11	\$32.75	\$33.40	\$34.07
60	\$25.82	\$26.34	\$26.87	\$27.40	\$27.95	\$28.51	\$29.08	\$29.66	\$30.26	\$30.86	\$31.48	\$32.11	\$32.75	\$33.40	\$34.07
70	\$27.56	\$28.11	\$28.67	\$29.24	\$29.83	\$30.42	\$31.03	\$31.65	\$32.29	\$32.93	\$33.59	\$34.26	\$34.95	\$35.65	\$36.36
75	\$28.50	\$29.07	\$29.65	\$30.24	\$30.85	\$31.46	\$32.09	\$32.73	\$33.39	\$34.06	\$34.74	\$35.43	\$36.14	\$36.86	\$37.60
80	\$29.31	\$29.90	\$30.50	\$31.11	\$31.73	\$32.36	\$33.01	\$33.67	\$34.34	\$35.03	\$35.73	\$36.45	\$37.17	\$37.92	\$38.68
90	\$31.06	\$31.68	\$32.31	\$32.96	\$33.62	\$34.29	\$34.97	\$35.67	\$36.39	\$37.11	\$37.86	\$38.61	\$39.39	\$40.17	\$40.98
95	\$31.97	\$32.61	\$33.27	\$33.93	\$34.61	\$35.30	\$36.01	\$36.73	\$37.46	\$38.21	\$38.98	\$39.75	\$40.55	\$41.36	\$42.19
100	\$32.80	\$33.46	\$34.13	\$34.81	\$35.50	\$36.21	\$36.94	\$37.68	\$38.43	\$39.20	\$39.98	\$40.78	\$41.60	\$42.43	\$43.28
105	\$33.71	\$34.39	\$35.08	\$35.78	\$36.49	\$37.22	\$37.97	\$38.73	\$39.50	\$40.29	\$41.10	\$41.92	\$42.76	\$43.61	\$44.48
115	\$35.46	\$36.16	\$36.89	\$37.63	\$38.38	\$39.15	\$39.93	\$40.73	\$41.54	\$42.37	\$43.22	\$44.08	\$44.97	\$45.87	\$46.78

Pro Forma Income Statement
Marina Fund

BASE CASE

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Slip Revenue																
Alamitos Bay Marina	\$7,397,261	\$7,545,207	\$8,615,049	\$11,407,680	\$11,635,834	\$11,868,550	\$12,105,921	\$12,348,040	\$12,595,001	\$12,846,901	\$13,103,839	\$13,365,916	\$13,633,234	\$13,905,898	\$14,184,016	\$14,467,697
Shoreline Marina	\$10,611,945	\$10,824,183	\$11,040,667	\$11,261,480	\$11,486,710	\$11,716,444	\$11,950,773	\$12,189,789	\$12,433,584	\$12,682,256	\$12,935,901	\$13,194,619	\$13,458,512	\$13,727,682	\$14,002,235	\$14,282,280
Rainbow Marina	\$580,472	\$592,082	\$603,924	\$616,002	\$628,322	\$640,889	\$653,706	\$666,780	\$680,116	\$693,718	\$707,593	\$721,745	\$736,179	\$750,903	\$765,921	\$781,240
Total Slip Revenue	\$18,589,678	\$18,961,472	\$20,259,640	\$23,285,163	\$23,750,866	\$24,225,883	\$24,710,401	\$25,204,609	\$25,708,701	\$26,222,875	\$26,747,333	\$27,282,279	\$27,827,925	\$28,384,483	\$28,952,173	\$29,531,216
Other Revenue																
Facilities Rentals, Leases and Concessions	\$1,421,630	\$1,450,062	\$1,479,063	\$1,508,645	\$1,538,818	\$1,569,594	\$1,600,986	\$1,633,006	\$1,665,666	\$1,698,979	\$1,732,959	\$1,767,618	\$1,802,970	\$1,839,030	\$1,875,810	\$1,913,326
Other Slip Revenue (live-aboard, dry storage, etc.)	\$514,258	\$579,623	\$703,578	\$717,650	\$732,003	\$746,643	\$761,576	\$776,807	\$792,344	\$808,190	\$824,354	\$840,841	\$857,658	\$874,811	\$892,308	\$910,154
Miscellaneous Revenue	\$308,103	\$314,265	\$320,551	\$326,962	\$333,501	\$340,171	\$346,974	\$353,914	\$360,992	\$368,212	\$375,576	\$383,088	\$390,750	\$398,565	\$406,536	\$414,667
Total Other Revenue	\$2,243,991	\$2,343,950	\$2,503,193	\$2,553,257	\$2,604,322	\$2,656,408	\$2,709,536	\$2,763,727	\$2,819,001	\$2,875,382	\$2,932,889	\$2,991,547	\$3,051,378	\$3,112,405	\$3,174,654	\$3,238,147
Total Marina Fund Revenue	\$20,833,669	\$21,305,422	\$22,762,833	\$25,838,419	\$26,355,188	\$26,882,291	\$27,419,937	\$27,968,336	\$28,527,703	\$29,098,257	\$29,680,222	\$30,273,826	\$30,879,303	\$31,496,889	\$32,126,827	\$32,769,363
Expenses																
Maintenance Division	\$4,406,816	\$4,516,987	\$4,429,911	\$4,540,659	\$4,654,176	\$4,770,530	\$4,889,793	\$5,012,038	\$5,137,339	\$5,265,773	\$5,397,417	\$5,532,352	\$5,670,661	\$5,812,428	\$5,957,738	\$6,106,682
Parks & Recreation Operations (excl. Maint)	\$4,959,695	\$5,083,688	\$5,210,780	\$5,341,050	\$5,474,576	\$5,611,440	\$5,751,726	\$5,895,519	\$6,042,907	\$6,193,980	\$6,348,830	\$6,507,550	\$6,670,239	\$6,836,995	\$7,007,920	\$7,183,118
Police	\$2,701,666	\$2,769,207	\$2,838,437	\$2,909,398	\$2,982,133	\$3,056,687	\$3,133,104	\$3,211,431	\$3,291,717	\$3,374,010	\$3,458,360	\$3,544,819	\$3,633,440	\$3,724,276	\$3,817,383	\$3,912,817
Fire	\$1,645,446	\$1,686,582	\$1,728,746	\$1,771,965	\$1,816,264	\$1,861,671	\$1,908,213	\$1,955,918	\$2,004,816	\$2,054,936	\$2,106,310	\$2,158,967	\$2,212,942	\$2,268,265	\$2,324,972	\$2,383,096
Public Works	\$112,419	\$115,229	\$118,110	\$121,063	\$124,089	\$127,191	\$130,371	\$133,631	\$136,971	\$140,396	\$143,905	\$147,503	\$151,191	\$154,970	\$158,845	\$162,816
Financial Management	\$65,890	\$67,538	\$69,226	\$70,957	\$72,731	\$74,549	\$76,413	\$78,323	\$80,281	\$82,288	\$84,345	\$86,454	\$88,615	\$90,831	\$93,101	\$95,429
General City Overhead	\$420,982	\$431,506	\$442,294	\$453,351	\$464,685	\$476,302	\$488,210	\$500,415	\$512,925	\$525,748	\$538,892	\$552,364	\$566,174	\$580,328	\$594,836	\$609,707
Total Expenses (Excludes Debt Service)	\$14,312,914	\$14,670,737	\$14,837,505	\$15,208,443	\$15,588,654	\$15,978,370	\$16,377,830	\$16,787,275	\$17,206,957	\$17,637,131	\$18,078,059	\$18,530,011	\$18,993,261	\$19,468,093	\$19,954,795	\$20,453,665
Net Operating Income	\$6,520,755	\$6,634,686	\$7,925,327	\$10,629,976	\$10,766,534	\$10,903,921	\$11,042,107	\$11,181,060	\$11,320,745	\$11,461,125	\$11,602,162	\$11,743,815	\$11,886,042	\$12,028,796	\$12,172,031	\$12,315,698
Debt Service	\$0	\$2,885,435	\$4,302,675	\$6,763,050	\$6,850,250	\$6,938,750	\$7,024,500	\$7,112,250	\$7,201,500	\$7,291,750	\$7,382,500	\$7,473,250	\$7,563,500	\$7,652,750	\$7,745,500	\$7,836,000
Debt Service Coverage Ratio		2.30	1.84	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57
Net Income	\$6,520,755	\$3,749,251	\$3,622,652	\$3,866,926	\$3,916,284	\$3,965,171	\$4,017,607	\$4,068,810	\$4,119,245	\$4,169,375	\$4,219,662	\$4,270,565	\$4,322,542	\$4,376,046	\$4,426,531	\$4,479,698

Pro Forma Income Statement
Marina Fund

BASE CASE

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	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Slip Revenue	\$14,757,051	\$15,052,192	\$15,353,236	\$15,660,300	\$15,973,506	\$16,292,976	\$16,618,836	\$16,951,213	\$17,290,237	\$17,636,042	\$17,988,762	\$18,348,538	\$18,715,509	\$19,089,819	\$19,471,615
Alamitos Bay Marina	\$14,567,926	\$14,859,284	\$15,156,470	\$15,459,599	\$15,768,791	\$16,084,167	\$16,405,851	\$16,733,968	\$17,068,647	\$17,410,020	\$17,758,220	\$18,113,385	\$18,475,652	\$18,845,165	\$19,222,069
Shoreline Marina	\$796,864	\$812,802	\$829,058	\$845,639	\$862,552	\$879,803	\$897,399	\$915,347	\$933,654	\$952,327	\$971,373	\$990,801	\$1,010,617	\$1,030,829	\$1,051,446
Rainbow Marina	\$30,121,841	\$30,724,278	\$31,338,763	\$31,965,538	\$32,604,849	\$33,256,946	\$33,922,085	\$34,600,527	\$35,292,537	\$35,998,388	\$36,718,356	\$37,452,723	\$38,201,777	\$38,965,813	\$39,745,129
Total Slip Revenue															
Other Revenue	\$1,951,593	\$1,990,625	\$2,030,437	\$2,071,046	\$2,112,467	\$2,154,716	\$2,197,811	\$2,241,767	\$2,286,602	\$2,332,334	\$2,378,981	\$2,426,560	\$2,475,092	\$2,524,593	\$2,575,085
Facilities Rentals, Leases and Concessions	\$928,357	\$946,924	\$965,862	\$985,180	\$1,004,883	\$1,024,981	\$1,045,480	\$1,066,390	\$1,087,718	\$1,109,472	\$1,131,662	\$1,154,295	\$1,177,381	\$1,200,928	\$1,224,947
Other Slip Revenue (live-aboard, dry storage, etc.)	\$422,960	\$431,419	\$440,048	\$448,848	\$457,825	\$466,982	\$476,322	\$485,848	\$495,565	\$505,476	\$515,586	\$525,898	\$536,415	\$547,144	\$558,087
Miscellaneous Revenue	\$3,302,910	\$3,368,968	\$3,436,347	\$3,505,074	\$3,575,176	\$3,646,679	\$3,719,613	\$3,794,005	\$3,869,885	\$3,947,283	\$4,026,228	\$4,106,753	\$4,188,888	\$4,272,666	\$4,358,119
Total Other Revenue															
Total Marina Fund Revenue	\$33,424,750	\$34,093,245	\$34,775,110	\$35,470,612	\$36,180,025	\$36,903,625	\$37,641,698	\$38,394,532	\$39,162,422	\$39,945,671	\$40,744,584	\$41,559,476	\$42,390,665	\$43,238,479	\$44,103,248
Expenses	\$6,259,349	\$6,415,833	\$6,576,228	\$6,740,634	\$6,909,150	\$7,081,879	\$7,258,926	\$7,440,399	\$7,626,409	\$7,817,069	\$8,012,496	\$8,212,808	\$8,418,128	\$8,628,582	\$8,844,296
Maintenance Division	\$7,362,696	\$7,546,763	\$7,735,432	\$7,928,818	\$8,127,039	\$8,330,214	\$8,538,470	\$8,751,932	\$8,970,730	\$9,194,998	\$9,424,873	\$9,660,495	\$9,902,007	\$10,149,557	\$10,403,296
Parks & Recreation Operations (excl. Maint)	\$4,010,638	\$4,110,904	\$4,213,676	\$4,319,018	\$4,426,994	\$4,537,669	\$4,651,110	\$4,767,388	\$4,886,573	\$5,008,737	\$5,133,956	\$5,262,304	\$5,393,862	\$5,528,709	\$5,666,926
Police	\$2,442,673	\$2,503,740	\$2,566,334	\$2,630,492	\$2,696,254	\$2,763,661	\$2,832,752	\$2,903,571	\$2,976,160	\$3,050,564	\$3,126,829	\$3,204,999	\$3,285,124	\$3,367,252	\$3,451,434
Fire	\$166,886	\$171,058	\$175,335	\$179,718	\$184,211	\$188,816	\$193,537	\$198,375	\$203,335	\$208,418	\$213,628	\$218,969	\$224,443	\$230,055	\$235,806
Public Works	\$97,815	\$100,260	\$102,767	\$105,336	\$107,969	\$110,668	\$113,435	\$116,271	\$119,178	\$122,157	\$125,211	\$128,341	\$131,550	\$134,839	\$138,210
Financial Management	\$624,950	\$640,573	\$656,588	\$673,002	\$689,828	\$707,073	\$724,750	\$742,869	\$761,441	\$780,477	\$799,988	\$819,988	\$840,488	\$861,500	\$883,038
General City Overhead	\$20,965,007	\$21,489,132	\$22,026,360	\$22,577,019	\$23,141,445	\$23,719,981	\$24,312,980	\$24,920,805	\$25,543,825	\$26,182,420	\$26,836,981	\$27,507,905	\$28,195,603	\$28,900,493	\$29,623,005
Total Expenses (Excludes Debt Service)															
Net Operating Income	\$12,459,744	\$12,604,114	\$12,748,750	\$12,893,593	\$13,038,580	\$13,183,645	\$13,328,718	\$13,473,727	\$13,618,598	\$13,763,250	\$13,907,603	\$14,051,570	\$14,195,062	\$14,337,986	\$14,480,243
Debt Service	\$7,923,750	\$7,928,250	\$7,928,000	\$7,927,750	\$7,927,000	\$7,925,250	\$7,927,000	\$7,926,500	\$7,928,250	\$7,926,500	\$7,925,750	\$7,925,250	\$7,924,250	\$7,927,000	\$7,927,500
Debt Service Coverage Ratio	1.57	1.59	1.61	1.63	1.64	1.66	1.68	1.70	1.72	1.74	1.75	1.77	1.79	1.81	1.83
Net Income	\$4,535,994	\$4,675,864	\$4,820,750	\$4,965,843	\$5,111,580	\$5,258,395	\$5,401,718	\$5,547,227	\$5,690,348	\$5,836,750	\$5,981,853	\$6,126,320	\$6,270,812	\$6,410,986	\$6,552,743

Exhibit B—MARKET LEVEL CASE

Projected Rental Rates by Slip Size

Projected Occupancy

Pro Forma Income Statement (Revenue, Expenses, and Debt Coverage Ratios)

Projected Monthly Rates per Linear Foot

MARKET LEVEL CASE

Slip Size (Feet)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase, 30' and below	2%	3%	3%	3%	3%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Increase, 35' and above	2%	3%	3%	3%	3%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
20	\$9.15	\$9.43	\$9.71	\$10.00	\$10.30	\$10.61	\$10.82	\$11.04	\$11.26	\$11.49	\$11.72	\$11.95	\$12.19	\$12.43	\$12.68	\$12.94
25	\$11.44	\$11.78	\$12.13	\$12.50	\$12.87	\$13.26	\$13.53	\$13.80	\$14.07	\$14.35	\$14.64	\$14.93	\$15.23	\$15.54	\$15.85	\$16.16
30	\$13.73	\$14.14	\$14.56	\$15.00	\$15.45	\$15.91	\$16.23	\$16.56	\$16.89	\$17.23	\$17.57	\$17.92	\$18.28	\$18.65	\$19.02	\$19.40
35	\$15.00	\$15.45	\$15.91	\$16.39	\$16.88	\$17.38	\$17.73	\$18.09	\$18.45	\$18.82	\$19.19	\$19.58	\$19.97	\$20.37	\$20.78	\$21.19
40	\$16.27	\$16.76	\$17.26	\$17.78	\$18.31	\$18.86	\$19.24	\$19.62	\$20.01	\$20.41	\$20.82	\$21.24	\$21.66	\$22.10	\$22.54	\$22.99
45	\$17.03	\$17.54	\$18.07	\$18.61	\$19.17	\$19.74	\$20.14	\$20.54	\$20.95	\$21.37	\$21.80	\$22.23	\$22.68	\$23.13	\$23.59	\$24.07
50	\$17.54	\$18.07	\$18.61	\$19.17	\$19.74	\$20.33	\$20.74	\$21.15	\$21.58	\$22.01	\$22.45	\$22.90	\$23.36	\$23.82	\$24.30	\$24.79
55	\$18.81	\$19.37	\$19.96	\$20.55	\$21.17	\$21.81	\$22.24	\$22.69	\$23.14	\$23.60	\$24.08	\$24.56	\$25.05	\$25.55	\$26.06	\$26.58
60	\$18.81	\$19.37	\$19.96	\$20.55	\$21.17	\$21.81	\$22.24	\$22.69	\$23.14	\$23.60	\$24.08	\$24.56	\$25.05	\$25.55	\$26.06	\$26.58
70	\$20.07	\$20.68	\$21.30	\$21.93	\$22.59	\$23.27	\$23.74	\$24.21	\$24.70	\$25.19	\$25.69	\$26.21	\$26.73	\$27.27	\$27.81	\$28.37
75	\$20.76	\$21.38	\$22.02	\$22.68	\$23.36	\$24.07	\$24.55	\$25.04	\$25.54	\$26.05	\$26.57	\$27.10	\$27.64	\$28.20	\$28.76	\$29.34
80	\$21.35	\$21.99	\$22.65	\$23.33	\$24.03	\$24.75	\$25.25	\$25.75	\$26.27	\$26.79	\$27.33	\$27.88	\$28.43	\$29.00	\$29.58	\$30.17
90	\$22.62	\$23.30	\$24.00	\$24.72	\$25.46	\$26.23	\$26.75	\$27.29	\$27.83	\$28.39	\$28.96	\$29.53	\$30.13	\$30.73	\$31.34	\$31.97
95	\$23.29	\$23.99	\$24.71	\$25.45	\$26.21	\$27.00	\$27.54	\$28.09	\$28.65	\$29.23	\$29.81	\$30.41	\$31.02	\$31.64	\$32.27	\$32.91
100	\$23.89	\$24.61	\$25.35	\$26.11	\$26.89	\$27.70	\$28.25	\$28.82	\$29.39	\$29.98	\$30.58	\$31.19	\$31.82	\$32.45	\$33.10	\$33.76
105	\$24.56	\$25.30	\$26.05	\$26.84	\$27.64	\$28.47	\$29.04	\$29.62	\$30.21	\$30.82	\$31.43	\$32.06	\$32.70	\$33.36	\$34.02	\$34.71
115	\$25.83	\$26.60	\$27.40	\$28.22	\$29.07	\$29.94	\$30.54	\$31.15	\$31.77	\$32.41	\$33.06	\$33.72	\$34.39	\$35.08	\$35.78	\$36.50

Projected Monthly Rates per Linear Foot

MARKET LEVEL CASE

Slip Size (Feet)	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Annual Increase, 30' and below	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Increase, 35' and above	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
20	\$13.20	\$13.46	\$13.73	\$14.00	\$14.28	\$14.57	\$14.86	\$15.16	\$15.46	\$15.77	\$16.09	\$16.41	\$16.73	\$17.07	\$17.41
25	\$16.49	\$16.82	\$17.15	\$17.50	\$17.85	\$18.20	\$18.57	\$18.94	\$19.32	\$19.70	\$20.10	\$20.50	\$20.91	\$21.33	\$21.75
30	\$19.79	\$20.18	\$20.59	\$21.00	\$21.42	\$21.85	\$22.28	\$22.73	\$23.18	\$23.65	\$24.12	\$24.60	\$25.09	\$25.60	\$26.11
35	\$21.61	\$22.05	\$22.49	\$22.94	\$23.40	\$23.86	\$24.34	\$24.83	\$25.32	\$25.83	\$26.35	\$26.88	\$27.41	\$27.96	\$28.52
40	\$23.45	\$23.92	\$24.40	\$24.88	\$25.38	\$25.89	\$26.41	\$26.93	\$27.47	\$28.02	\$28.58	\$29.16	\$29.74	\$30.33	\$30.94
45	\$24.55	\$25.04	\$25.54	\$26.05	\$26.57	\$27.10	\$27.65	\$28.20	\$28.76	\$29.34	\$29.92	\$30.52	\$31.13	\$31.76	\$32.39
50	\$25.28	\$25.79	\$26.30	\$26.83	\$27.36	\$27.91	\$28.47	\$29.04	\$29.62	\$30.21	\$30.82	\$31.43	\$32.06	\$32.70	\$33.36
55	\$27.11	\$27.65	\$28.21	\$28.77	\$29.35	\$29.93	\$30.53	\$31.14	\$31.77	\$32.40	\$33.05	\$33.71	\$34.39	\$35.07	\$35.77
60	\$27.11	\$27.66	\$28.21	\$28.77	\$29.35	\$29.94	\$30.53	\$31.15	\$31.77	\$32.40	\$33.05	\$33.71	\$34.39	\$35.07	\$35.78
70	\$28.93	\$29.51	\$30.10	\$30.71	\$31.32	\$31.95	\$32.58	\$33.24	\$33.90	\$34.58	\$35.27	\$35.98	\$36.70	\$37.43	\$38.18
75	\$29.92	\$30.52	\$31.13	\$31.75	\$32.39	\$33.04	\$33.70	\$34.37	\$35.06	\$35.76	\$36.48	\$37.20	\$37.95	\$38.71	\$39.48
80	\$30.78	\$31.39	\$32.02	\$32.66	\$33.31	\$33.98	\$34.66	\$35.35	\$36.06	\$36.78	\$37.52	\$38.27	\$39.03	\$39.81	\$40.61
90	\$32.61	\$33.26	\$33.93	\$34.60	\$35.30	\$36.00	\$36.72	\$37.46	\$38.21	\$38.97	\$39.75	\$40.54	\$41.36	\$42.18	\$43.03
95	\$33.57	\$34.24	\$34.93	\$35.63	\$36.34	\$37.07	\$37.81	\$38.56	\$39.33	\$40.12	\$40.92	\$41.74	\$42.58	\$43.43	\$44.30
100	\$34.44	\$35.13	\$35.83	\$36.55	\$37.28	\$38.02	\$38.78	\$39.56	\$40.35	\$41.16	\$41.98	\$42.82	\$43.68	\$44.55	\$45.44
105	\$35.40	\$36.11	\$36.83	\$37.57	\$38.32	\$39.08	\$39.87	\$40.66	\$41.48	\$42.31	\$43.15	\$44.01	\$44.89	\$45.79	\$46.71
115	\$37.23	\$37.97	\$38.73	\$39.51	\$40.30	\$41.10	\$41.92	\$42.76	\$43.62	\$44.49	\$45.38	\$46.29	\$47.21	\$48.16	\$49.12

Pro Forma Income Statement
Marina Fund

MARKET LEVEL CASE Page 1 of 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Slip Revenue																
Alamitos Bay Marina	\$7,397,261	\$7,619,179	\$8,784,800	\$11,746,500	\$12,098,895	\$12,461,862	\$12,711,099	\$12,965,321	\$13,224,628	\$13,489,120	\$13,758,903	\$14,034,081	\$14,314,763	\$14,601,058	\$14,893,079	\$15,190,941
Shoreline Marina	\$10,611,945	\$10,930,303	\$11,258,212	\$11,595,958	\$11,943,837	\$12,302,152	\$12,548,195	\$12,799,159	\$13,055,142	\$13,316,245	\$13,582,570	\$13,854,221	\$14,131,306	\$14,413,932	\$14,702,211	\$14,996,255
Rainbow Marina	\$580,472	\$597,887	\$615,823	\$634,298	\$653,327	\$672,927	\$686,385	\$700,113	\$714,115	\$728,398	\$742,965	\$757,825	\$772,981	\$788,441	\$804,210	\$820,294
Total Slip Revenue	\$18,589,678	\$19,147,369	\$20,658,835	\$23,976,757	\$24,696,059	\$25,436,941	\$25,945,680	\$26,464,594	\$26,993,885	\$27,533,763	\$28,084,438	\$28,646,127	\$29,219,050	\$29,803,431	\$30,399,499	\$31,007,489
Other Revenue																
Facilities Rentals, Leases and Concessions	\$1,421,630	\$1,450,062	\$1,479,063	\$1,508,645	\$1,538,818	\$1,569,594	\$1,600,986	\$1,633,006	\$1,665,666	\$1,698,979	\$1,732,959	\$1,767,618	\$1,802,970	\$1,839,030	\$1,875,810	\$1,913,326
Other Slip Revenue (live-aboard, dry storage, etc.)	\$514,258	\$579,623	\$703,578	\$717,650	\$732,003	\$746,643	\$761,576	\$776,807	\$792,344	\$808,190	\$824,354	\$840,841	\$857,658	\$874,811	\$892,308	\$910,154
Miscellaneous Revenue	\$308,103	\$314,265	\$320,551	\$326,962	\$333,501	\$340,171	\$346,974	\$353,914	\$360,992	\$368,212	\$375,576	\$383,088	\$390,750	\$398,565	\$406,536	\$414,667
Total Other Revenue	\$2,243,991	\$2,343,950	\$2,503,193	\$2,553,257	\$2,604,322	\$2,656,408	\$2,709,536	\$2,763,727	\$2,819,001	\$2,875,382	\$2,932,889	\$2,991,547	\$3,051,378	\$3,112,405	\$3,174,654	\$3,238,147
Total Marina Fund Revenue	\$20,833,669	\$21,491,319	\$23,162,028	\$26,530,013	\$27,300,381	\$28,093,349	\$28,655,216	\$29,228,320	\$29,812,887	\$30,409,145	\$31,017,328	\$31,637,674	\$32,270,428	\$32,915,836	\$33,574,153	\$34,245,636
Expenses																
Maintenance Division	\$4,406,816	\$4,516,987	\$4,429,911	\$4,540,659	\$4,654,176	\$4,770,530	\$4,889,793	\$5,012,038	\$5,137,339	\$5,265,773	\$5,397,417	\$5,532,352	\$5,670,661	\$5,812,428	\$5,957,738	\$6,106,682
Parks & Recreation Operations (excl. Maint)	\$4,959,695	\$5,083,688	\$5,210,780	\$5,341,050	\$5,474,576	\$5,611,440	\$5,751,726	\$5,895,519	\$6,042,907	\$6,193,980	\$6,348,830	\$6,507,550	\$6,670,239	\$6,836,995	\$7,007,920	\$7,183,118
Police	\$2,701,666	\$2,769,207	\$2,838,437	\$2,909,398	\$2,982,133	\$3,056,687	\$3,133,104	\$3,211,431	\$3,291,717	\$3,374,010	\$3,458,360	\$3,544,819	\$3,633,440	\$3,724,276	\$3,817,383	\$3,912,817
Fire	\$1,645,446	\$1,686,582	\$1,728,746	\$1,771,965	\$1,816,264	\$1,861,671	\$1,908,213	\$1,955,918	\$2,004,816	\$2,054,936	\$2,106,310	\$2,158,967	\$2,212,942	\$2,268,265	\$2,324,972	\$2,383,096
Public Works	\$112,419	\$115,229	\$118,110	\$121,063	\$124,089	\$127,191	\$130,371	\$133,631	\$136,971	\$140,396	\$143,905	\$147,503	\$151,191	\$154,970	\$158,845	\$162,816
Financial Management	\$65,890	\$67,538	\$69,226	\$70,957	\$72,731	\$74,549	\$76,413	\$78,323	\$80,281	\$82,288	\$84,345	\$86,454	\$88,615	\$90,831	\$93,101	\$95,429
General City Overhead	\$420,982	\$431,506	\$442,294	\$453,351	\$464,685	\$476,302	\$488,210	\$500,415	\$512,925	\$525,748	\$538,892	\$552,364	\$566,174	\$580,328	\$594,836	\$609,707
Total Expenses (Excludes Debt Service)	\$14,312,914	\$14,670,737	\$14,837,505	\$15,208,443	\$15,588,654	\$15,978,370	\$16,377,830	\$16,787,275	\$17,206,957	\$17,637,131	\$18,078,059	\$18,530,011	\$18,993,261	\$19,468,093	\$19,954,795	\$20,453,665
Net Operating Income	\$6,520,755	\$6,820,582	\$8,324,523	\$11,321,570	\$11,711,727	\$12,114,979	\$12,277,387	\$12,441,045	\$12,605,930	\$12,772,013	\$12,939,268	\$13,107,663	\$13,277,166	\$13,447,743	\$13,619,358	\$13,791,971
Debt Service	\$0	\$2,885,435	\$4,302,675	\$6,763,050	\$6,850,250	\$6,938,750	\$7,024,500	\$7,112,250	\$7,201,500	\$7,291,750	\$7,382,500	\$7,473,250	\$7,563,500	\$7,652,750	\$7,745,500	\$7,836,000
Debt Service Coverage Ratio		2.36	1.93	1.67	1.71	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.76	1.76	1.76	1.76
Net Income	\$6,520,755	\$3,935,147	\$4,021,848	\$4,558,520	\$4,861,477	\$5,176,229	\$5,252,887	\$5,328,795	\$5,404,430	\$5,480,263	\$5,556,768	\$5,634,413	\$5,713,666	\$5,794,993	\$5,873,858	\$5,955,971

Pro Forma Income Statement
Marina Fund

MARKET LEVEL CASE Page 2 of 2

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Slip Revenue	\$15,494,759	\$15,804,655	\$16,120,748	\$16,443,163	\$16,772,026	\$17,107,466	\$17,449,616	\$17,798,608	\$18,154,580	\$18,517,672	\$18,888,025	\$19,265,786	\$19,651,101	\$20,044,123	\$20,445,006
Alamitos Bay Marina	\$15,296,180	\$15,602,104	\$15,914,146	\$16,232,429	\$16,557,077	\$16,888,219	\$17,225,983	\$17,570,503	\$17,921,913	\$18,280,351	\$18,645,958	\$19,018,877	\$19,399,255	\$19,787,240	\$20,182,985
Shoreline Marina	\$836,700	\$853,434	\$870,502	\$887,912	\$905,671	\$923,784	\$942,260	\$961,105	\$980,327	\$999,934	\$1,019,932	\$1,040,331	\$1,061,138	\$1,082,360	\$1,104,008
Rainbow Marina	\$31,627,639	\$32,260,192	\$32,905,396	\$33,563,504	\$34,234,774	\$34,919,469	\$35,617,859	\$36,330,216	\$37,056,820	\$37,797,956	\$38,553,916	\$39,324,994	\$40,111,494	\$40,913,724	\$41,731,998
Total Slip Revenue															
Other Revenue	\$1,951,593	\$1,990,625	\$2,030,437	\$2,071,046	\$2,112,467	\$2,154,716	\$2,197,811	\$2,241,767	\$2,286,602	\$2,332,334	\$2,378,981	\$2,426,560	\$2,475,092	\$2,524,593	\$2,575,085
Facilities Rentals, Leases and Concessions	\$928,357	\$946,924	\$965,862	\$985,180	\$1,004,883	\$1,024,981	\$1,045,480	\$1,066,390	\$1,087,718	\$1,109,472	\$1,131,662	\$1,154,295	\$1,177,381	\$1,200,928	\$1,224,947
Other Slip Revenue (live-aboard, dry storage, etc.)	\$422,960	\$431,419	\$440,048	\$448,848	\$457,825	\$466,982	\$476,322	\$485,848	\$495,565	\$505,476	\$515,586	\$525,898	\$536,415	\$547,144	\$558,087
Miscellaneous Revenue	\$3,302,910	\$3,368,968	\$3,436,347	\$3,505,074	\$3,575,176	\$3,646,679	\$3,719,613	\$3,794,005	\$3,869,885	\$3,947,283	\$4,026,228	\$4,106,753	\$4,188,888	\$4,272,666	\$4,358,119
Total Other Revenue															
Total Marina Fund Revenue	\$34,930,549	\$35,629,160	\$36,341,743	\$37,068,578	\$37,809,949	\$38,566,148	\$39,337,471	\$40,124,221	\$40,926,705	\$41,745,239	\$42,580,144	\$43,431,747	\$44,300,382	\$45,186,389	\$46,090,117
Expenses	\$6,259,349	\$6,415,833	\$6,576,228	\$6,740,634	\$6,909,150	\$7,081,879	\$7,258,926	\$7,440,399	\$7,626,409	\$7,817,069	\$8,012,496	\$8,212,808	\$8,418,128	\$8,628,582	\$8,844,296
Maintenance Division	\$7,362,696	\$7,546,763	\$7,735,432	\$7,928,818	\$8,127,039	\$8,330,214	\$8,538,470	\$8,751,932	\$8,970,730	\$9,194,998	\$9,424,873	\$9,660,495	\$9,902,007	\$10,149,557	\$10,403,296
Parks & Recreation Operations (excl. Maint)	\$4,010,638	\$4,110,904	\$4,213,676	\$4,319,018	\$4,426,994	\$4,537,669	\$4,651,110	\$4,767,388	\$4,886,573	\$5,008,737	\$5,133,956	\$5,262,304	\$5,393,862	\$5,528,709	\$5,666,926
Police	\$2,442,673	\$2,503,740	\$2,566,334	\$2,630,492	\$2,696,254	\$2,763,661	\$2,832,752	\$2,903,571	\$2,976,160	\$3,050,564	\$3,126,829	\$3,204,999	\$3,285,124	\$3,367,252	\$3,451,434
Fire	\$166,886	\$171,058	\$175,335	\$179,718	\$184,211	\$188,816	\$193,537	\$198,375	\$203,335	\$208,418	\$213,628	\$218,969	\$224,443	\$230,055	\$235,806
Public Works	\$97,815	\$100,260	\$102,767	\$105,336	\$107,969	\$110,668	\$113,435	\$116,271	\$119,178	\$122,157	\$125,211	\$128,341	\$131,550	\$134,839	\$138,210
Financial Management	\$624,950	\$640,573	\$656,588	\$673,002	\$689,828	\$707,073	\$724,750	\$742,869	\$761,441	\$780,477	\$799,988	\$819,988	\$840,488	\$861,500	\$883,038
General City Overhead	\$20,965,007	\$21,489,132	\$22,026,360	\$22,577,019	\$23,141,445	\$23,719,981	\$24,312,980	\$24,920,805	\$25,543,825	\$26,182,420	\$26,836,981	\$27,507,905	\$28,195,603	\$28,900,493	\$29,623,005
Total Expenses (Excludes Debt Service)															
Net Operating Income	\$13,965,542	\$14,140,028	\$14,315,383	\$14,491,559	\$14,668,505	\$14,846,168	\$15,024,491	\$15,203,416	\$15,382,880	\$15,562,819	\$15,743,163	\$15,923,841	\$16,104,779	\$16,285,896	\$16,467,112
Debt Service	\$7,923,750	\$7,928,250	\$7,928,000	\$7,927,750	\$7,927,000	\$7,925,250	\$7,927,000	\$7,926,500	\$7,928,250	\$7,926,500	\$7,925,750	\$7,925,250	\$7,924,250	\$7,927,000	\$7,927,500
Debt Service Coverage Ratio	1.76	1.78	1.81	1.83	1.85	1.87	1.90	1.92	1.94	1.96	1.99	2.01	2.03	2.05	2.08
Net Income	\$6,041,792	\$6,211,778	\$6,387,383	\$6,563,809	\$6,741,505	\$6,920,918	\$7,097,491	\$7,276,916	\$7,454,630	\$7,636,319	\$7,817,413	\$7,998,591	\$8,180,529	\$8,358,896	\$8,539,612

Exhibit C—STRESSED CASE

Projected Rental Rates by Slip Size

Projected Occupancy

Pro Forma Income Statement (Revenue, Expenses, and Debt Coverage Ratios)

Projected Monthly Rates per Linear Foot

STRESSED CASE

Slip Size (Feet)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase, 30' and below		2%	2%	2%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Increase, 35' and above		2%	2%	2%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
20	\$8.98	\$9.15	\$9.34	\$9.52	\$9.52	\$9.52	\$9.52	\$9.71	\$9.91	\$10.11	\$10.31	\$10.52	\$10.73	\$10.94	\$11.16	\$11.38	\$11.61
25	\$11.21	\$11.44	\$11.67	\$11.90	\$11.90	\$11.90	\$11.90	\$12.14	\$12.38	\$12.63	\$12.88	\$13.14	\$13.40	\$13.67	\$13.94	\$14.22	\$14.51
30	\$13.46	\$13.73	\$14.00	\$14.28	\$14.28	\$14.28	\$14.28	\$14.57	\$14.86	\$15.16	\$15.46	\$15.77	\$16.08	\$16.41	\$16.73	\$17.07	\$17.41
35	\$14.70	\$15.00	\$15.30	\$15.60	\$15.60	\$15.60	\$15.60	\$15.91	\$16.23	\$16.56	\$16.89	\$17.23	\$17.57	\$17.92	\$18.28	\$18.64	\$19.02
40	\$15.95	\$16.27	\$16.59	\$16.92	\$16.92	\$16.92	\$16.92	\$17.26	\$17.61	\$17.96	\$18.32	\$18.69	\$19.06	\$19.44	\$19.83	\$20.23	\$20.63
45	\$16.70	\$17.03	\$17.37	\$17.72	\$17.72	\$17.72	\$17.72	\$18.07	\$18.43	\$18.80	\$19.18	\$19.56	\$19.95	\$20.35	\$20.76	\$21.18	\$21.60
50	\$17.20	\$17.54	\$17.89	\$18.25	\$18.25	\$18.25	\$18.25	\$18.61	\$18.98	\$19.36	\$19.75	\$20.15	\$20.55	\$20.96	\$21.38	\$21.81	\$22.24
55	\$18.44	\$18.81	\$19.19	\$19.57	\$19.57	\$19.57	\$19.57	\$19.96	\$20.36	\$20.77	\$21.18	\$21.61	\$22.04	\$22.48	\$22.93	\$23.39	\$23.86
60	\$18.44	\$18.81	\$19.19	\$19.57	\$19.57	\$19.57	\$19.57	\$19.96	\$20.36	\$20.77	\$21.18	\$21.61	\$22.04	\$22.48	\$22.93	\$23.39	\$23.86
70	\$19.68	\$20.07	\$20.48	\$20.88	\$20.88	\$20.88	\$20.88	\$21.30	\$21.73	\$22.16	\$22.61	\$23.06	\$23.52	\$23.99	\$24.47	\$24.96	\$25.46
75	\$20.35	\$20.76	\$21.17	\$21.60	\$21.60	\$21.60	\$21.60	\$22.03	\$22.47	\$22.92	\$23.38	\$23.85	\$24.32	\$24.81	\$25.31	\$25.81	\$26.33
80	\$20.93	\$21.35	\$21.78	\$22.21	\$22.21	\$22.21	\$22.21	\$22.66	\$23.11	\$23.57	\$24.05	\$24.53	\$25.02	\$25.52	\$26.03	\$26.55	\$27.08
90	\$22.18	\$22.62	\$23.07	\$23.54	\$23.54	\$23.54	\$23.54	\$24.01	\$24.49	\$24.98	\$25.48	\$25.99	\$26.51	\$27.04	\$27.58	\$28.13	\$28.69
95	\$22.83	\$23.29	\$23.76	\$24.23	\$24.23	\$24.23	\$24.23	\$24.72	\$25.21	\$25.72	\$26.23	\$26.75	\$27.29	\$27.83	\$28.39	\$28.96	\$29.54
100	\$23.42	\$23.89	\$24.37	\$24.86	\$24.86	\$24.86	\$24.86	\$25.36	\$25.86	\$26.38	\$26.91	\$27.45	\$27.99	\$28.55	\$29.13	\$29.71	\$30.30
105	\$24.08	\$24.56	\$25.05	\$25.55	\$25.55	\$25.55	\$25.55	\$26.06	\$26.58	\$27.11	\$27.66	\$28.21	\$28.77	\$29.35	\$29.94	\$30.54	\$31.15
115	\$25.32	\$25.83	\$26.34	\$26.87	\$26.87	\$26.87	\$26.87	\$27.41	\$27.96	\$28.52	\$29.09	\$29.67	\$30.26	\$30.87	\$31.48	\$32.11	\$32.76

Projected Monthly Rates per Linear Foot

STRESSED CASE

Slip Size (Feet)	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Annual Increase, 30' and below	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Increase, 35' and above	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
20	\$11.84	\$12.08	\$12.32	\$12.57	\$12.82	\$13.07	\$13.34	\$13.60	\$13.88	\$14.15	\$14.44	\$14.72	\$15.02	\$15.32	\$15.63
25	\$14.80	\$15.09	\$15.39	\$15.70	\$16.02	\$16.34	\$16.66	\$17.00	\$17.34	\$17.68	\$18.04	\$18.40	\$18.77	\$19.14	\$19.52
30	\$17.76	\$18.11	\$18.48	\$18.84	\$19.22	\$19.61	\$20.00	\$20.40	\$20.81	\$21.22	\$21.65	\$22.08	\$22.52	\$22.97	\$23.43
35	\$19.40	\$19.79	\$20.18	\$20.59	\$21.00	\$21.42	\$21.85	\$22.28	\$22.73	\$23.18	\$23.65	\$24.12	\$24.60	\$25.09	\$25.60
40	\$21.04	\$21.46	\$21.89	\$22.33	\$22.78	\$23.23	\$23.70	\$24.17	\$24.66	\$25.15	\$25.65	\$26.17	\$26.69	\$27.22	\$27.77
45	\$22.03	\$22.47	\$22.92	\$23.38	\$23.85	\$24.32	\$24.81	\$25.31	\$25.81	\$26.33	\$26.86	\$27.39	\$27.94	\$28.50	\$29.07
50	\$22.69	\$23.14	\$23.61	\$24.08	\$24.56	\$25.05	\$25.55	\$26.06	\$26.58	\$27.11	\$27.66	\$28.21	\$28.77	\$29.35	\$29.94
55	\$24.33	\$24.82	\$25.32	\$25.82	\$26.34	\$26.86	\$27.40	\$27.95	\$28.51	\$29.08	\$29.66	\$30.25	\$30.86	\$31.48	\$32.11
60	\$24.33	\$24.82	\$25.32	\$25.82	\$26.34	\$26.87	\$27.40	\$27.95	\$28.51	\$29.08	\$29.66	\$30.26	\$30.86	\$31.48	\$32.11
70	\$25.97	\$26.49	\$27.02	\$27.56	\$28.11	\$28.67	\$29.24	\$29.83	\$30.42	\$31.03	\$31.65	\$32.29	\$32.93	\$33.59	\$34.26
75	\$26.85	\$27.39	\$27.94	\$28.50	\$29.07	\$29.65	\$30.24	\$30.85	\$31.46	\$32.09	\$32.73	\$33.39	\$34.06	\$34.74	\$35.43
80	\$27.62	\$28.17	\$28.74	\$29.31	\$29.90	\$30.50	\$31.11	\$31.73	\$32.36	\$33.01	\$33.67	\$34.34	\$35.03	\$35.73	\$36.45
90	\$29.26	\$29.85	\$30.45	\$31.06	\$31.68	\$32.31	\$32.96	\$33.62	\$34.29	\$34.97	\$35.67	\$36.39	\$37.11	\$37.86	\$38.61
95	\$30.13	\$30.73	\$31.35	\$31.97	\$32.61	\$33.27	\$33.93	\$34.61	\$35.30	\$36.01	\$36.73	\$37.46	\$38.21	\$38.98	\$39.75
100	\$30.91	\$31.53	\$32.16	\$32.80	\$33.46	\$34.13	\$34.81	\$35.50	\$36.21	\$36.94	\$37.68	\$38.43	\$39.20	\$39.98	\$40.78
105	\$31.77	\$32.40	\$33.05	\$33.71	\$34.39	\$35.08	\$35.78	\$36.49	\$37.22	\$37.97	\$38.73	\$39.50	\$40.29	\$41.10	\$41.92
115	\$33.41	\$34.08	\$34.76	\$35.46	\$36.16	\$36.89	\$37.63	\$38.38	\$39.15	\$39.93	\$40.73	\$41.54	\$42.37	\$43.22	\$44.08

Pro Forma Income Statement
Marina Fund

STRESSED CASE

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Slip Revenue																
Alamitos Bay Marina	\$7,397,261	\$7,545,207	\$8,615,049	\$10,094,734	\$10,094,734	\$10,094,734	\$11,407,680	\$11,635,834	\$11,868,550	\$12,105,921	\$12,348,040	\$12,595,001	\$12,846,901	\$13,103,839	\$13,365,916	\$13,633,234
Shoreline Marina	\$10,611,945	\$10,824,183	\$11,040,667	\$9,949,693	\$9,949,693	\$9,949,693	\$11,261,480	\$11,486,710	\$11,716,444	\$11,950,773	\$12,189,789	\$12,433,584	\$12,682,256	\$12,935,901	\$13,194,619	\$13,458,512
Rainbow Marina	\$580,472	\$592,082	\$603,924	\$537,861	\$537,861	\$537,861	\$616,002	\$628,322	\$640,889	\$653,706	\$666,780	\$680,116	\$693,718	\$707,593	\$721,745	\$736,179
Total Slip Revenue	\$18,589,678	\$18,961,472	\$20,259,640	\$20,582,288	\$20,582,288	\$20,582,288	\$23,285,163	\$23,750,866	\$24,225,883	\$24,710,401	\$25,204,609	\$25,708,701	\$26,222,875	\$26,747,333	\$27,282,279	\$27,827,925
Other Revenue																
Facilities Rentals, Leases and Concessions	\$1,421,630	\$1,450,062	\$1,479,063	\$1,508,645	\$1,538,818	\$1,569,594	\$1,600,986	\$1,633,006	\$1,665,666	\$1,698,979	\$1,732,959	\$1,767,618	\$1,802,970	\$1,839,030	\$1,875,810	\$1,913,326
Other Slip Revenue (live-aboard, dry storage, etc.)	\$514,258	\$579,623	\$703,578	\$717,650	\$732,003	\$746,643	\$761,576	\$776,807	\$792,344	\$808,190	\$824,354	\$840,841	\$857,658	\$874,811	\$892,308	\$910,154
Miscellaneous Revenue	\$308,103	\$314,265	\$320,551	\$326,962	\$333,501	\$340,171	\$346,974	\$353,914	\$360,992	\$368,212	\$375,576	\$383,088	\$390,750	\$398,565	\$406,536	\$414,667
Total Other Revenue	\$2,243,991	\$2,343,950	\$2,503,193	\$2,553,257	\$2,604,322	\$2,656,408	\$2,709,536	\$2,763,727	\$2,819,001	\$2,875,382	\$2,932,889	\$2,991,547	\$3,051,378	\$3,112,405	\$3,174,654	\$3,238,147
Total Marina Fund Revenue	\$20,833,669	\$21,305,422	\$22,762,833	\$23,135,544	\$23,186,609	\$23,238,696	\$25,994,699	\$26,514,593	\$27,044,885	\$27,585,782	\$28,137,498	\$28,700,248	\$29,274,253	\$29,859,738	\$30,456,933	\$31,066,071
Expenses																
Maintenance Division	\$4,406,816	\$4,516,987	\$4,429,911	\$4,540,659	\$4,654,176	\$4,770,530	\$4,889,793	\$5,012,038	\$5,137,339	\$5,265,773	\$5,397,417	\$5,532,352	\$5,670,661	\$5,812,428	\$5,957,738	\$6,106,682
Parks & Recreation Operations (excl. Maint)	\$4,959,695	\$5,083,688	\$5,210,780	\$5,341,050	\$5,474,576	\$5,611,440	\$5,751,726	\$5,895,519	\$6,042,907	\$6,193,980	\$6,348,830	\$6,507,550	\$6,670,239	\$6,836,995	\$7,007,920	\$7,183,118
Police	\$2,701,666	\$2,769,207	\$2,838,437	\$2,909,398	\$2,982,133	\$3,056,687	\$3,133,104	\$3,211,431	\$3,291,717	\$3,374,010	\$3,458,360	\$3,544,819	\$3,633,440	\$3,724,276	\$3,817,383	\$3,912,817
Fire	\$1,645,446	\$1,686,582	\$1,728,746	\$1,771,965	\$1,816,264	\$1,861,671	\$1,908,213	\$1,955,918	\$2,004,816	\$2,054,936	\$2,106,310	\$2,158,967	\$2,212,942	\$2,268,265	\$2,324,972	\$2,383,096
Public Works	\$112,419	\$115,229	\$118,110	\$121,063	\$124,089	\$127,191	\$130,371	\$133,631	\$136,971	\$140,396	\$143,905	\$147,503	\$151,191	\$154,970	\$158,845	\$162,816
Financial Management	\$65,890	\$67,538	\$69,226	\$70,957	\$72,731	\$74,549	\$76,413	\$78,323	\$80,281	\$82,288	\$84,345	\$86,454	\$88,615	\$90,831	\$93,101	\$95,429
General City Overhead	\$420,982	\$431,506	\$442,294	\$453,351	\$464,685	\$476,302	\$488,210	\$500,415	\$512,925	\$525,748	\$538,892	\$552,364	\$566,174	\$580,328	\$594,836	\$609,707
Total Expenses (Excludes Debt Service)	\$14,312,914	\$14,670,737	\$14,837,505	\$15,208,443	\$15,588,654	\$15,978,370	\$16,377,830	\$16,787,275	\$17,206,957	\$17,637,131	\$18,078,059	\$18,530,011	\$18,993,261	\$19,468,093	\$19,954,795	\$20,453,665
Net Operating Income	\$6,520,755	\$6,634,686	\$7,925,327	\$7,927,101	\$7,597,955	\$7,260,325	\$9,616,869	\$9,727,317	\$9,837,927	\$9,948,651	\$10,059,439	\$10,170,237	\$10,280,992	\$10,391,645	\$10,502,138	\$10,612,407
Debt Service	\$0	\$2,885,435	\$4,302,675	\$6,763,050	\$6,850,250	\$6,938,750	\$7,024,500	\$7,112,250	\$7,201,500	\$7,291,750	\$7,382,500	\$7,473,250	\$7,563,500	\$7,652,750	\$7,745,500	\$7,836,000
Debt Service Coverage Ratio		2.30	1.84	1.17	1.11	1.05	1.37	1.37	1.37	1.36	1.36	1.36	1.36	1.36	1.36	1.35
Net Income	\$6,520,755	\$3,749,251	\$3,622,652	\$1,164,051	\$747,705	\$321,575	\$2,592,369	\$2,615,067	\$2,636,427	\$2,656,901	\$2,676,939	\$2,696,987	\$2,717,492	\$2,738,895	\$2,756,638	\$2,776,407

Pro Forma Income Statement
Marina Fund

STRESSED CASE

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	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Slip Revenue	\$13,905,898	\$14,184,016	\$14,467,697	\$14,757,051	\$15,052,192	\$15,353,236	\$15,660,300	\$15,973,506	\$16,292,976	\$16,618,836	\$16,951,213	\$17,290,237	\$17,636,042	\$17,988,762	\$18,348,538
Alamitos Bay Marina	\$13,727,682	\$14,002,235	\$14,282,280	\$14,567,926	\$14,859,284	\$15,156,470	\$15,459,599	\$15,768,791	\$16,084,167	\$16,405,851	\$16,733,968	\$17,068,647	\$17,410,020	\$17,758,220	\$18,113,385
Shoreline Marina	\$750,903	\$765,921	\$781,240	\$796,864	\$812,802	\$829,058	\$845,639	\$862,552	\$879,803	\$897,399	\$915,347	\$933,654	\$952,327	\$971,373	\$990,801
Rainbow Marina	\$28,384,483	\$28,952,173	\$29,531,216	\$30,121,841	\$30,724,278	\$31,338,763	\$31,965,538	\$32,604,849	\$33,256,946	\$33,922,085	\$34,600,527	\$35,292,537	\$35,998,388	\$36,718,356	\$37,452,723
Total Slip Revenue															
Other Revenue	\$1,951,593	\$1,990,625	\$2,030,437	\$2,071,046	\$2,112,467	\$2,154,716	\$2,197,811	\$2,241,767	\$2,286,602	\$2,332,334	\$2,378,981	\$2,426,560	\$2,475,092	\$2,524,593	\$2,575,085
Facilities Rentals, Leases and Concessions	\$928,357	\$946,924	\$965,862	\$985,180	\$1,004,883	\$1,024,981	\$1,045,480	\$1,066,390	\$1,087,718	\$1,109,472	\$1,131,662	\$1,154,295	\$1,177,381	\$1,200,928	\$1,224,947
Other Slip Revenue (live-aboard, dry storage, etc.)	\$422,960	\$431,419	\$440,048	\$448,848	\$457,825	\$466,982	\$476,322	\$485,848	\$495,565	\$505,476	\$515,586	\$525,898	\$536,415	\$547,144	\$558,087
Miscellaneous Revenue	\$3,302,910	\$3,368,968	\$3,436,347	\$3,505,074	\$3,575,176	\$3,646,679	\$3,719,613	\$3,794,005	\$3,869,885	\$3,947,283	\$4,026,228	\$4,106,753	\$4,188,888	\$4,272,666	\$4,358,119
Total Other Revenue															
Total Marina Fund Revenue	\$31,687,393	\$32,321,141	\$32,967,564	\$33,626,915	\$34,299,453	\$34,985,442	\$35,685,151	\$36,398,854	\$37,126,831	\$37,869,368	\$38,626,755	\$39,399,290	\$40,187,276	\$40,991,022	\$41,810,842
Expenses	\$6,259,349	\$6,415,833	\$6,576,228	\$6,740,634	\$6,909,150	\$7,081,879	\$7,258,926	\$7,440,399	\$7,626,409	\$7,817,069	\$8,012,496	\$8,212,808	\$8,418,128	\$8,628,582	\$8,844,296
Maintenance Division	\$7,362,696	\$7,546,763	\$7,735,432	\$7,928,818	\$8,127,039	\$8,330,214	\$8,538,470	\$8,751,932	\$8,970,730	\$9,194,998	\$9,424,873	\$9,660,495	\$9,902,007	\$10,149,557	\$10,403,296
Parks & Recreation Operations (excl. Maint)	\$4,010,638	\$4,110,904	\$4,213,676	\$4,319,018	\$4,426,994	\$4,537,669	\$4,651,110	\$4,767,388	\$4,886,573	\$5,008,737	\$5,133,956	\$5,262,304	\$5,393,862	\$5,528,709	\$5,666,926
Police	\$2,442,673	\$2,503,740	\$2,566,334	\$2,630,492	\$2,696,254	\$2,763,661	\$2,832,752	\$2,903,571	\$2,976,160	\$3,050,564	\$3,126,829	\$3,204,999	\$3,285,124	\$3,367,252	\$3,451,434
Fire	\$166,886	\$171,058	\$175,335	\$179,718	\$184,211	\$188,816	\$193,537	\$198,375	\$203,335	\$208,418	\$213,628	\$218,969	\$224,443	\$230,055	\$235,806
Public Works	\$97,815	\$100,260	\$102,767	\$105,336	\$107,969	\$110,668	\$113,435	\$116,271	\$119,178	\$122,157	\$125,211	\$128,341	\$131,550	\$134,839	\$138,210
Financial Management	\$624,950	\$640,573	\$656,588	\$673,002	\$689,828	\$707,073	\$724,750	\$742,869	\$761,441	\$780,477	\$799,988	\$819,988	\$840,488	\$861,500	\$883,038
General City Overhead	\$20,965,007	\$21,489,132	\$22,026,360	\$22,577,019	\$23,141,445	\$23,719,981	\$24,312,980	\$24,920,805	\$25,543,825	\$26,182,420	\$26,836,981	\$27,507,905	\$28,195,603	\$28,900,493	\$29,623,005
Total Expenses (Excludes Debt Service)															
Net Operating Income	\$10,722,386	\$10,832,009	\$10,941,204	\$11,049,896	\$11,158,009	\$11,265,462	\$11,372,171	\$11,478,049	\$11,583,006	\$11,686,947	\$11,789,774	\$11,891,385	\$11,991,673	\$12,090,528	\$12,187,837
Debt Service	\$7,923,750	\$7,928,250	\$7,928,000	\$7,927,750	\$7,927,000	\$7,925,250	\$7,927,000	\$7,926,500	\$7,928,250	\$7,926,500	\$7,925,750	\$7,925,250	\$7,924,250	\$7,927,000	\$7,927,500
Debt Service Coverage Ratio	1.35	1.37	1.38	1.39	1.41	1.42	1.43	1.45	1.46	1.47	1.49	1.50	1.51	1.53	1.54
Net Income	\$2,798,636	\$2,903,759	\$3,013,204	\$3,122,146	\$3,231,009	\$3,340,212	\$3,445,171	\$3,551,549	\$3,654,756	\$3,760,447	\$3,864,024	\$3,966,135	\$4,067,423	\$4,163,528	\$4,260,337

