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

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2017 Senior Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2017A/B Senior Bond for any period during which such Series 2017A/B Senior Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2017A/B Senior Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Series 2017A/B Senior Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax, and (b) interest on the Series 2017C Senior Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, except that interest on the Series 2017C Senior Bonds will be included in a corporate taxpayer's adjusted current earnings for purposes of computing its federal alternative minimum tax. Bond Counsel is further of the opinion that interest on the Series 2017 Senior Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein.

$170,255,000
CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Bonds

$101,610,000	$25,985,000	$42,660,000
Series 2017A	**Series 2017B**	**Series 2017C**
(AMT)	**(AMT) (Green Bonds)**	**(Non-AMT)**

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

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

The Series 2017 Senior Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Series 2017 Senior Bonds may be made in book-entry form only in denominations of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2017 Senior Bonds. Interest on the Series 2017 Senior Bonds will be payable on May 15 and November 15 of each year, commencing on November 15, 2017. So long as the Series 2017 Senior Bonds are held by DTC, the principal of and interest on the Series 2017 Senior Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2017 Senior Bonds, as more fully described herein.

Maturity Schedule on Inside Front Cover Page

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

The Series 2017 Senior Bonds are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable solely from the Revenues and certain funds and accounts pledged under the Senior Resolution on parity with all other Senior Bonds. The Series 2017 Senior Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts specifically pledged to the payment thereof. The general fund of the City is not liable for the payment of the Series 2017 Senior Bonds or interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2017 Senior Bonds may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. The Series 2017 Senior Bonds will be issued on a parity with the Existing Senior Bonds, which as of June 1, 2017 were outstanding in the aggregate principal amount of $822,725,000, and any additional Senior Bonds issued in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS."

This cover page is not intended to be a summary of the terms of, or security for, the Series 2017 Senior Bonds. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2017 Senior Bonds are offered, when, as and if issued by the City, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the City, and to certain other conditions. Certain matters will be passed upon for the City by the City Attorney of the City of Long Beach, and by Kutak Rock LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. It is expected that the Series 2017 Senior Bonds will be available for delivery through the facilities of DTC on or about June 28, 2017.

Citigroup

BofA Merrill Lynch **Siebert Cisneros Shank & Co., L.L.C.**

Date of Official Statement: June 15, 2017.

MATURITY SCHEDULE

$101,610,000
City of Long Beach, California
Harbor Revenue Bonds
Series 2017A
(AMT)

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.[1]
2026	$4,710,000	5.000%	2.140%	123.016%	542424UQ7
2027	4,945,000	5.000	2.290	123.839	542424UR5
2028	5,190,000	5.000	2.430	122.451[C]	542424US3
2029	5,450,000	5.000	2.540	121.374[C]	542424UT1
2030	5,725,000	5.000	2.640	120.404[C]	542424UU8
2031	6,010,000	5.000	2.710	119.731[C]	542424UV6
2032	6,310,000	5.000	2.790	118.966[C]	542424UW4
2033	6,625,000	5.000	2.860	118.303[C]	542424UX2
2034	6,955,000	5.000	2.920	117.737[C]	542424UY0
2035	7,305,000	5.000	2.970	117.269[C]	542424UZ7
2036	7,670,000	5.000	3.010	116.895[C]	542424VA1
2037	8,055,000	5.000	3.030	116.709[C]	542424VB9

$26,660,000 5.000% Series 2017A Senior Term Bonds Due May 15, 2040;
Yield: 3.080%; Price 116.245%[C]; CUSIP Number[1]: 542424VC7

$25,985,000
City of Long Beach, California
Harbor Revenue Bonds
Series 2017B
(AMT) (Green Bonds)

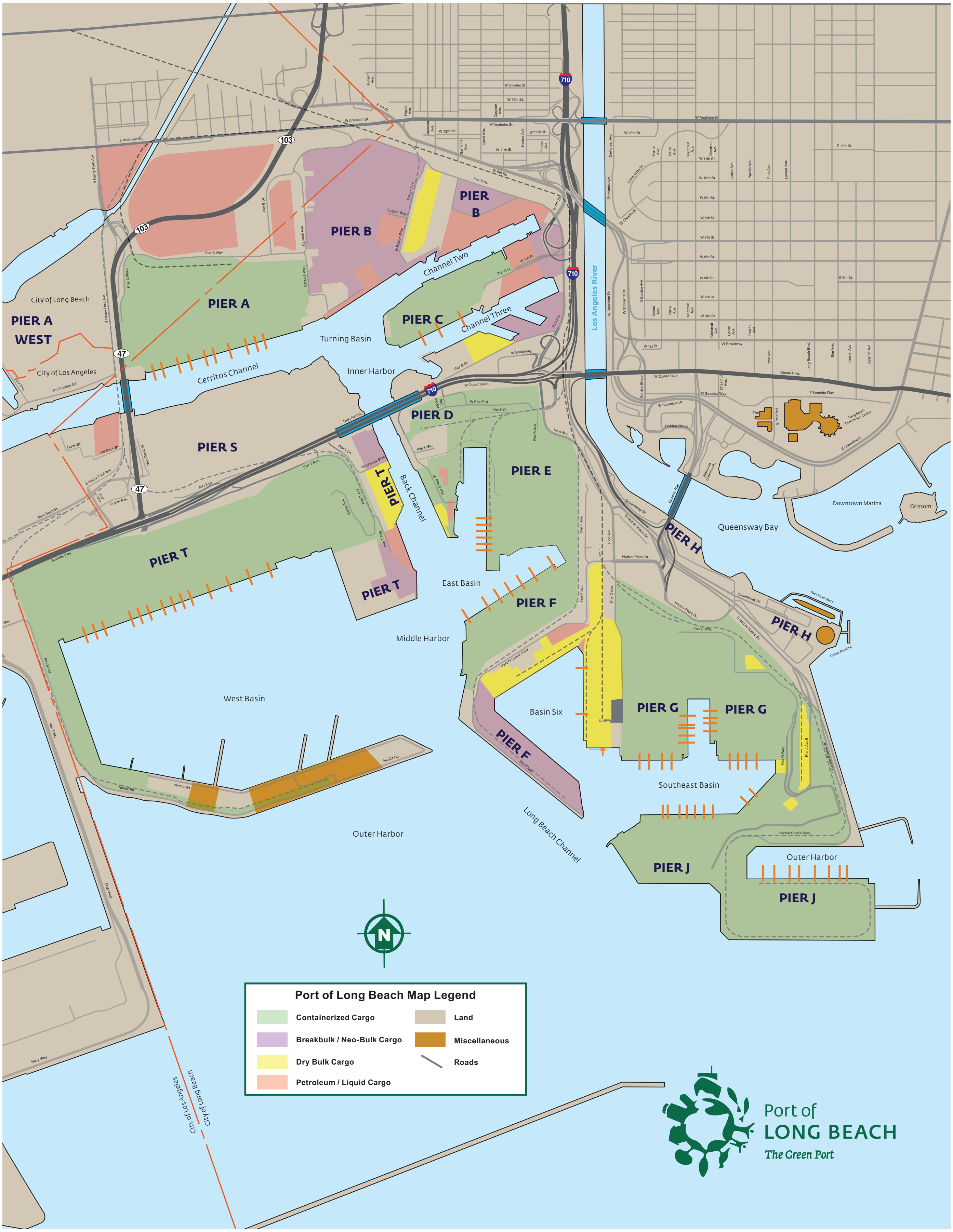
$25,985,000 5.000% Series 2017B Senior Term Bonds Due May 15, 2043;
Yield: 3.120%; Price 115.876%[C]; CUSIP Number[1]: 542424VD5

$42,660,000
City of Long Beach, California
Harbor Revenue Bonds
Series 2017C
(Non-AMT)

$42,660,000 5.000% Series 2017C Senior Term Bonds Due May 15, 2047;
Yield: 2.930%; Price 117.643%[C]; CUSIP Number[1]: 542424VE3

[1] Copyright 2017, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Board or the Harbor Department and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2017 Senior Bonds. None of the City, the Board, the Harbor Department or the Underwriters take responsibility for the accuracy of the CUSIP numbers.

[C] Priced to the par call date of May 15, 2027.



PIER A WEST
City of Long Beach
City of Los Angeles
PIER A
PIER B
PIER B
PIER C
Channel Two
Channel Three
Turning Basin
Inner Harbor
Cerritos Channel
PIER S
PIER D
PIER E
PIER T
PIER T
PIER T
Back Channel
East Basin
PIER F
PIER F
Middle Harbor
West Basin
Basin Six
PIER G
PIER G
PIER H
PIER H
Queensway Bay
Downtown Marina
Grissom
Los Angeles River
Southeast Basin
Outer Harbor
Outer Harbor
Long Beach Channel
PIER J
PIER J
City of Los Angeles
City of Long Beach
Port of Long Beach Map Legend
Containerized Cargo
Breakbulk / Neo-Bulk Cargo
Dry Bulk Cargo
Petroleum / Liquid Cargo
Land
Miscellaneous
Roads
Port of
LONG BEACH
The Green Port

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HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

BOARD OF HARBOR COMMISSIONERS

Lori Ann Guzmán
President

Lou Anne Bynum
Vice President

Tracy J. Egoscue
Secretary

Rich Dines
Commissioner

Doug Drummond
Commissioner

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

PORT MANAGEMENT

Mario Cordero
Executive Director

Duane Kenagy
Acting Deputy Executive Director

Chuck Adams
Acting Managing Director, Finance & Administration

Richard D. Cameron
Managing Director, Planning and Environmental Affairs

Sean A. Gamette
Managing Director, Engineering

Louis Gutierrez
Managing Director, Human Resources and Team Development

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

Maurina Lee
Director of Finance

CITY OF LONG BEACH, CALIFORNIA

CITY COUNCIL

Dr. Robert Garcia
Mayor

Rex Richardson
Vice Mayor, Ninth District

Lena Gonzalez, *First District*
Jeannine Pearce, *Second District*
Suzie Price, *Third District*
Daryl Supernaw, *Fourth District*
Stacy Mungo, *Fifth District*
Dee Andrews, *Sixth District*
Roberto Uranga, *Seventh District*
Al Austin, *Eighth District*

CITY OFFICIALS AND STAFF

Patrick H. West
City Manager

Tom Modica
Assistant City Manager

John Gross
Director of Financial Management, CFO

David S. Nakamoto
City Treasurer

J. Charles Parkin
City Attorney

Douglas Haubert
City Prosecutor

Laura L. Doud
City Auditor

Monique De La Garza
City Clerk

Charles Gale
Principal Deputy City Attorney

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR
Public Resources Advisory Group
Los Angeles, California

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

BOND COUNSEL AND DISCLOSURE COUNSEL
Kutak Rock LLP

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City, the Board, the Harbor Department or the Underwriters to give any information or to make any representations with respect to the offer or sale of the Series 2017 Senior Bonds other than as set forth in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Board, the Harbor Department or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2017 Senior Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2017 Senior Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City, the Harbor Department or the Port of Long Beach since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2017 Senior Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

In connection with the offering of the Series 2017 Senior Bonds, the Underwriters may overallot or effect transactions that stabilize or maintain the market prices of the Series 2017 Senior Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2017 Senior Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriters.

The Series 2017 Senior Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements contained in the Securities Act. The Series 2017 Senior Bonds have not been registered or qualified under the securities laws of any state. The Senior Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained therein.

The City and the Harbor Department maintain websites, however, the information presented on such websites is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2017 Senior Bonds.

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CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Bonds

$101,610,000	**$25,985,000**	**$42,660,000**
Series 2017A	**Series 2017B**	**Series 2017C**
(AMT)	**(AMT) (Green Bonds)**	**(Non-AMT)**

INTRODUCTION

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Series 2017 Senior Bonds (as defined below) to potential investors is made only by means of this entire Official Statement. Capitalized terms used in this Official Statement and not otherwise defined will have the respective meanings assigned to them in "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR RESOLUTION—CERTAIN DEFINITIONS."

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices hereto, is to provide certain information concerning the sale and delivery by the City of Long Beach, California (the "City"), acting by and through the Board of Harbor Commissioners of the City (the "Board"), of (a) $101,610,000 aggregate principal amount of City of Long Beach, California, Harbor Revenue Bonds, Series 2017A (the "Series 2017A Senior Bonds"), (b) $25,985,000 aggregate principal amount of City of Long Beach, California, Harbor Revenue Bonds, Series 2017B (the "Series 2017B Senior Bonds," and together with the Series 2017A Senior Bonds, the "Series 2017A/B Senior Bonds"), and (c) $42,660,000 aggregate principal amount of City of Long Beach, California, Harbor Revenue Bonds, Series 2017C (the "Series 2017C Senior Bonds," and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the "Series 2017 Senior Bonds").

The City, the Harbor Department and the Board

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

The Port of Long Beach

The Port is a harbor complex that covers approximately 12 square miles, of which approximately 6.9 square miles is water. The Port has approximately 31.5 miles of waterfront with a 76-foot deep main channel, and 65 deep-water berths, several of which are and will be capable of servicing the largest commercial ships currently afloat and the largest commercial ships currently being designed, with equipment and facilities for handling all types of cargo. According to the American Association of Port Authorities, for the calendar year ended December 31, 2016, the Port was the number two-ranked container port in the nation in terms of container cargo (the Port of Los Angeles, which is located adjacent to the Port, was the number one-ranked container port). The facilities at the Port moved more than 6.8 million Twenty-Foot Equivalent Units ("TEUs") during the calendar year ended December 31, 2016. According to statistics compiled by the Journal of Commerce, during calendar year 2015 (the latest information available), the Port was the 21st busiest container port in the world. See "THE PORT OF LONG BEACH" for additional information about the Port.

Plan of Finance

Proceeds of the Series 2017 Senior Bonds, along with certain moneys to be contributed by the Harbor Department, will be used to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred at the Port, (b) refund and repay all of the outstanding Series B Subordinate Revolving Obligations (as defined herein), and (c) pay the costs of issuing the Series 2017 Senior Bonds, all as further described herein. See "PLAN OF FINANCE."

The Series 2017 Senior Bonds

The Series 2017 Senior Bonds are authorized and being issued pursuant to Article XII of the Charter, Title 3, Chapter 3.52, Division I of the Municipal Code of the City, certain provisions of the Revenue Bond Law of 1941, Section 54300, *et seq*., of the Government Code of the State of California, Resolution No. HD-2881, adopted by the Board on May 16, 2017 ("Resolution No. HD-2881"), Resolution No. HD-1475, adopted by the Board on November 8, 1989, as amended and supplemented (the "Master Senior Resolution"), and the Twentieth Supplemental Senior Resolution, which, as provided for in Resolution No. HD-2881, will be adopted by the Board after the execution and delivery of the Bond Purchase Agreement (as defined herein) (the "Twentieth Supplemental Senior Resolution," and together with the Master Senior Resolution, the "Senior Resolution"). The Twentieth Supplemental Senior Resolution is currently scheduled to be adopted by the Board on June 26, 2017.

The Series 2017 Senior Bonds will be dated their initial date of delivery, will mature as shown on the inside cover page hereof, and will bear interest at the rates shown on the inside cover page hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest will be payable semiannually on May 15 and November 15 of each year commencing November 15, 2017. The Series 2017 Senior Bonds will be subject to redemption prior to maturity, as described under "DESCRIPTION OF THE SERIES 2017 SENIOR BONDS—Redemption of Series 2017 Senior Bonds."

The Series 2017 Senior Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2017 Senior Bonds. Upon receipt of payments of principal and interest, DTC will remit such principal and interest to the Direct Participants (as defined herein) for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the Beneficial Owners (as defined herein) of the Series 2017 Senior Bonds. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Security for Series 2017 Senior Bonds

The Series 2017 Senior Bonds are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues (as defined herein) and certain funds and accounts pledged under the Senior Resolution on parity with all other Senior Bonds (as defined herein). The Series 2017 Senior Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts specifically pledged to the payment thereof. The general fund of the City is not liable for the payment of the Series 2017 Senior Bonds or any interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2017 Senior Bonds may not compel the exercise of the taxing power of the City or the forfeiture of any of its property.

Revenues generally consist of all revenues and all money secured or collected for the benefit of and received by the Board from or arising out of the use or operation of the Port, but exclude revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS."

Rate Covenant

Rates, charges, rentals and fees for the use of the Port are established by the Board. The Board has covenanted in the Master Senior Resolution to establish and collect rates, charges, rentals and fees that will produce Revenues in each Fiscal Year (as defined below) equal to 1.25 times Maximum Annual Debt Service on the Senior Bonds, and that, together with other moneys available or reasonably expected to be available, will be sufficient to pay debt service on all Senior Bonds and to pay the expenses of operating and maintaining the Port. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS—Rate Covenant." The City's and the Harbor Department's "Fiscal Year" currently begins on October 1 and ends on September 30 of the immediately following year.

Outstanding Senior Bonds

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, has previously issued and as of June 1, 2017 there was outstanding $822,725,000 aggregate principal amount of the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 1998A (the "Series 1998A Senior Bonds"), the City of Long Beach, California Harbor Revenue Bonds, Series 2010A (the "Series 2010A Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2010B (the "Series 2010B Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2014B (the "Series 2014B Senior Bonds"), the City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C (the "Series 2014C Senior Notes"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015A (the "Series 2015A Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015B (the "Series 2015B Senior Bonds"), the City of Long Beach, California Harbor Revenue Bonds, Series 2015C (the "Series 2015C Senior Bonds"), and the City of Long Beach, California Harbor Revenue Bonds, Series 2015D (the "Series 2015D Senior Bonds," and collectively with the Series 1998A Senior Bonds, the Series 2010A Senior Bonds, the Series 2010B Senior Bonds, the Series 2014B Senior Bonds, the Series 2014C Senior Notes, the Series 2015A Senior Bonds, the Series 2015B Senior Bonds and the Series 2015C Senior Bonds, the "Existing Senior Bonds").

The Existing Senior Bonds, the Series 2017 Senior Bonds and any additional Senior Bonds issued pursuant to the terms of the Master Senior Resolution are collectively referred to herein as the "Senior Bonds." The Senior Bonds are secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

Outstanding Subordinate Obligations

Pursuant to Resolution No. HD-2726 adopted by the Board on July 16, 2013, as amended (the "Master Subordinate Resolution"), Resolution No. HD-2728 adopted by the Board on July 16, 2013 (the "Second Supplemental Subordinate Resolution"), Resolution No. HD-2852 adopted by the Board on June 30, 2016 (the "Fifth Supplemental Subordinate Resolution," and together with the Second Supplemental Subordinate Resolution, the "Subordinate Revolving Obligations Supplemental Resolutions"), and the Revolving Credit Agreement, dated as of July 1, 2016 (the "Subordinate Revolving Obligations Credit Agreement"), by and between the City, acting by and through the Board, and MUFG Union Bank, N.A. (the "Subordinate Revolving Obligations Bank"), the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to $200 million in aggregate principal amount of its City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series B (Tax-Exempt) (the "Series B Subordinate Revolving Obligations"), and its City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series C (Taxable) (the "Series C Subordinate Revolving Obligations," and together with the Series B Subordinate Revolving Obligations, the "Subordinate Revolving Obligations"). As of June 1, 2017, the City, acting by and though the Board, had $25,000,000 aggregate principal amount of Series B Subordinate Revolving Obligations outstanding, and no Series C Subordinate Revolving Obligations outstanding. A portion of the proceeds of the Series 2017 Senior Bonds, along with certain moneys to be contributed by the Harbor Department, will be used to refund and repay all of the outstanding Series B Subordinate Revolving Obligations. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2017 Senior Bonds) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds). All Subordinate Revolving Obligations issued by the City, acting by and through the Board, are purchased by the Subordinate Revolving Obligations Bank in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan)."

The City, acting by and through the Board, entered into a loan agreement, dated as of May 21, 2014 (the "Subordinate TIFIA Loan Agreement") with the U.S. Department of Transportation, acting by and through the Federal Highway Administration (the "TIFIA Lender"), pursuant to which the TIFIA Lender, subject to certain conditions, agreed to make a loan to the City, acting by and through the Board, in an amount not to exceed $325 million (the "Subordinate TIFIA Loan"), the proceeds of which, if drawn, will be used by the Harbor Department to finance and refinance the costs of the Gerald Desmond Bridge Replacement Project. If drawn, the Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. Pursuant to the terms of Resolution No. HD-2767 adopted by the Board on June 9, 2014 (the "TIFIA Resolution"), the Board has reserved the right to (but is not obligated to) use all or a portion of the proceeds of the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date (November 15, 2018), or any obligations it may issue to refinance the Series 2014C Senior Notes, and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan)" and "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project."

The Subordinate Revolving Obligations, the Subordinate TIFIA Loan and any additional obligations issued pursuant to the terms of the Master Subordinate Resolution are collectively referred to herein as "Subordinate Obligations."

Capital Development Program

The Harbor Department maintains a master plan of capital projects and improvements to be undertaken at the Port. The most recent version of the Port of Long Beach Master Plan, as amended (the "Port Master Plan"), sets forth certain capital projects and improvements to the Port that the Harbor Department anticipates undertaking through 2020. The purpose of the Port Master Plan is to provide the Harbor Department with a planning tool to guide future Port development and to ensure that projects and developments in the Harbor District are consistent with the requirements of the California Coastal Act of 1976, as amended (the "California Coastal Act").

On November 4, 2016, the Harbor Department issued a request for proposals for consultant support for a comprehensive update to the Port Master Plan. In June 2017, the Harbor Department selected Leidos, Inc. ("Leidos") as its preferred consultant, which the Board is expected to approve in July 2017. Leidos will assist the Harbor Department with updating the Port Master Plan, evaluating the environmental impacts of proposed development and land uses, and seeking approval of the updated Port Master Plan by the Board and the California Coastal Commission.

In addition to the Port Master Plan, the Harbor Department maintains a 10-year capital plan that sets forth the specific projects the Harbor Department expects to develop and construct over the next ten years. The Harbor Department's current 10-year capital plan (the "2017-26 Capital Plan") includes capital projects and improvements to be undertaken at the Port between Fiscal Years 2017 and 2026. The 2017-26 Capital Plan includes the following projects: the Gerald Desmond Bridge Replacement Project, the expansion and modernization of the shipping terminals on Piers D, E, F and G, the expansion of on-dock rail facilities, the construction of a new Port administration building, the dredging of the Long Beach Harbor, the installation of various security improvements, and various other infrastructure projects at the Port (including street, storm drain, sewer and water systems projects). As of the date of this Official Statement, the 2017-26 Capital Plan has an aggregate estimated cost of approximately \$3.0 billion. The Harbor Department expects to finance approximately \$2.6 billion of the costs of the 2017-26 Capital Plan with revenues of the Harbor Department, proceeds of the Series 2017 Senior Bonds, and additional Senior Bonds and/or Subordinate Obligations. The Harbor Department expects the remaining approximately \$393.0 million of costs of the 2017-26 Capital Plan will be financed with federal and State grants and other sources of funds. In the event any of the expected federal and State grants are not received by the Harbor Department, the projects to be financed with such grants will be delayed and/or reduced in scope, or the Harbor Department will seek other sources of funding to complete these projects. See "CAPITAL DEVELOPMENT PROGRAM."

Property Agreements

The Harbor Department operates the Port as a landlord through various property agreements entered into with tenants of the Port. The property agreements entered into by the Board, which convey the right to use, rent or lease Port assets, include leases, preferential assignment agreements, revocable permits, area assignments and pipeline licenses. Pursuant to the property agreements, the tenants of the Port pay tariff charges (including, but not limited to, wharfage (the charge assessed when cargo crosses the wharf), dockage (the charge assessed for docking a vessel at a berth), storage and demurrage (charges related to the duration that cargo may be stored at the terminal)) and other fees to the Harbor Department for the right to use, rent or lease Port facilities. Most of the Port's long-term property agreements contain guaranteed annual minimum payments. For Fiscal Year 2016, the long-term property agreements (in the form of preferential assignment agreements) with the Port's container terminal operators contained guaranteed annual minimum payments of approximately $258.9 million. Over the last five Fiscal Years, property agreements covering waterfront property and facilities generated in excess of 95% of the Harbor Department's operating revenues. The Board has property agreements with approximately 325 different entities (approximately over 85% of which are with private companies). See "THE PORT OF LONG BEACH—Property Agreements" for additional information on the property agreements entered into by the Board.

Continuing Disclosure

The City, acting by and through the Board, will covenant to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"), for purposes of Rule 15c2-12(b)(5) ("Rule 15c2-12") adopted by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data relating to the Harbor Department and the Port, and, in a timely manner, notice of certain enumerated events. These covenants are made in order to assist the Underwriters (as defined herein) of the Series 2017 Senior Bonds in complying with Rule 15c2-12. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Amendments to Master Senior Resolution

Pursuant to Resolution No. HD-2762 adopted by the Board on May 5, 2014 (the "Sixteenth Supplemental Senior Resolution"), the City, acting by and through the Board, approved certain amendments to the Master Senior Resolution (the "Master Senior Resolution Amendments"), which are described in Appendix E hereto. By the purchase and acceptance of the Series 2017 Senior Bonds, the Owners and Beneficial Owners of the Series 2017 Senior Bonds are deemed to have consented to the Master Senior Resolution Amendments. The Underwriters of the Series 2017 Senior Bonds will not be providing any consents on behalf of the Owners and Beneficial Owners of the Series 2017 Senior Bonds. The Master Senior Resolution Amendments will not become effective until all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May 7, 2014 (including the Series 2017 Senior Bonds) will be deemed to have consented to and will be subject to the Master Senior Resolution Amendments, but only after all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding.

Forward-Looking Statements

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

Additional Information

Brief descriptions of the Series 2017 Senior Bonds, the Senior Resolution, the Fiscal Agent Agreement and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances, create any implication that there has been no change in the affairs of the Board, the Harbor Department or the Port since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City and/or the Board and the purchasers or Owners of any of the Series 2017 Senior Bonds. The City, the Harbor Department and the Port maintain certain websites, the information on which is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in deciding whether to invest in the Series 2017 Senior Bonds.

PLAN OF FINANCE

Plan of Finance

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

Series 2017 Projects

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

Estimated Sources and Uses of Funds

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

	Series 2017A Senior Bonds	Series 2017B Senior Bonds	Series 2017C Senior Bonds	Total
Sources				
Principal Amount	$101,610,000.00	$25,985,000.00	$42,660,000.00	$170,255,000.00
Original Issue Premium	18,824,054.75	4,125,378.60	7,526,503.80	30,475,937.15
Harbor Department Contribution	0.00	0.00	4,900,000.00	4,900,000.00
Total Sources	$120,434,054.75	$30,110,378.60	$55,086,503.80	$205,630,937.15
Uses				
Deposit to Series 2017A Construction Fund	$120,000,000.00	$ 0.00	$ 0.00	$120,000,000.00
Deposit to Series 2017B Construction Fund	0.00	30,000,000.00	0.00	30,000,000.00
Deposit to Series 2017C Construction Fund	0.00	0.00	29,900,000.00	29,900,000.00
Repayment of Series B Subordinate Revolving Obligations	0.00	0.00	25,000,00.00	25,000,000.00
Costs of Issuance[1]	434,054.75	110,378.60	186,503.80	730,937.15
Total Uses	$120,434,054.75	$30,110,378.60	$55,086,503.80	$205,630,937.15

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

GREEN BONDS DESIGNATION OF SERIES 2017B SENIOR BONDS

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

In connection with the Series 2017B Senior Bonds and the Green Projects to be financed with the Series 2017B Senior Bonds, the Harbor Department enlisted Sustainalytics, a second opinion provider that conducted environmental, social and governance research to assess the alignment of the Series 2017B Senior Bonds with the "Green Bond Principles 2016" of the International Capital Market Association. The Green Bond Principals 2016 are voluntary process guidelines that recommend transparency and disclosure of information by issuers to stakeholders with respect to "Green Bonds." The Green Bond Principals 2016 have four main components: (i) use of bond proceeds, (ii) process for project evaluation and selection, (iii) management of bond proceeds, and (iv) reporting the use of the bond proceeds. Sustainalytics will provide the Harbor Department with an opinion that the Series 2017B Senior Bonds and the Green Projects to be financed with the Series 2017B Senior Bonds will (1) comply with the Green Bond Principals 2016, (2) reduce air emissions at the Port by reducing the requirement of trucks, and (3) align with the State's priorities, commitments and goals to reduce "green-house gas" emissions as set forth in California's "Global Warming Solutions Act of 2006," and the related "Scoping Plan."

The opinion of Sustainalytics reflects only the views of Sustainalytics. Any explanation of the significance of its opinion may be obtained from Sustainalytics, which opinion was based upon Sustainalytics own investigation, studies, assumptions and criteria. The Harbor Department furnished certain information to Sustainalytics with respect to the Series 2017B Senior Bonds and the Green Projects to be financed with the Series 2017B Senior Bonds.

DESCRIPTION OF THE SERIES 2017 SENIOR BONDS

General

The Series 2017 Senior Bonds will be dated their date of delivery, and will bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) from such date at the rates per annum set forth on the inside cover page of this Official Statement, payable semiannually on May 15 and November 15 of each year commencing November 15, 2017 (each an "Interest Payment Date"). Each Series 2017 Senior Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2017 Senior Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2017 Senior Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to November 1, 2017, in which event such Series 2017 Senior

Bond will bear interest from their date of delivery. If interest on the Series 2017 Senior Bonds is in default, Series 2017 Senior Bonds issued in exchange for Series 2017 Senior Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2017 Senior Bonds surrendered. The Series 2017 Senior Bonds will mature (subject to prior redemption), on May 15 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. The principal of and interest on the Series 2017 Senior Bonds will be payable in lawful money of the United States of America.

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

So long as Cede & Co. is the registered owner of the Series 2017 Senior Bonds, principal of and interest on the Series 2017 Senior Bonds are payable by wire transfer by U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

See Appendix B for a summary of certain provisions of the Senior Resolution, including, without limitation, certain covenants of the Board, provisions relating to amendments of the Senior Resolution and procedures for defeasance of the Series 2017 Senior Bonds.

Redemption of Series 2017 Senior Bonds

Optional Redemption. The Series 2017 Senior Bonds maturing on or before May 15, 2027 are not subject to redemption prior to maturity. The Series 2017 Senior Bonds maturing on or after May 15, 2028 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2027, at a redemption price equal to 100% of the principal amount of the Series 2017 Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2017A Senior Bonds maturing on May 15, 2040 will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

Payment Date (May 15)	Amount
2038	$8,455,000
2039	8,880,000
2040 [1]	9,325,000

[1] Final Maturity

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

Payment Date (May 15)	**Amount**
2041	$8,430,000
2042	8,855,000
2043 [1]	8,700,000

[1] Final Maturity

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

Payment Date (May 15)	**Amount**
2043	$ 595,000
2044	9,760,000
2045	10,245,000
2046	10,760,000
2047 [1]	11,300,000

[1] Final Maturity

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS

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

Pledge of Revenues

The Series 2017 Senior Bonds are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable solely from the Revenues and certain funds and accounts pledged under the Senior Resolution.

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

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

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

The principal of and interest on any Series 2017 Senior Bonds are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts which are pledged to the payment of the Series 2017 Senior Bonds and interest thereon. The general fund of the City is not liable for the payment of any Series 2017 Senior Bonds or interest thereon, nor is the credit or taxing power of the City pledged for the payment of any Series 2017 Senior Bonds or interest thereon. An Owner of any Series 2017 Senior Bond may not compel the exercise of the taxing power by the City or the forfeiture of any of its property.

Rate Covenant

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

(a) the interest on and principal of all Outstanding Senior Bonds as the same becomes due and payable;

(b) all payments required for compliance with the Senior Resolution including payments required to be made into any reserve fund required to be maintained pursuant to any Supplemental Senior Resolution;

(c) the interest on and principal of all outstanding Subordinate Obligations (including the Subordinate Revolving Obligations and the Subordinate TIFIA Loan (provided the Harbor Department decides to drawdown the loan)), and any payments required to be made into any reserve fund established with respect to the Subordinate Obligations;

(d) all Maintenance Costs; and

(e) all payments required to meet any other obligations of the City, such as the payment of the Harbor Department's Shortfall Advances (as defined herein) and Surety

Obligation Payments (as defined herein), which are charges, liens and encumbrances upon or payable from the Revenues.

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

Flow of Funds

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

Funds Held by Third Parties

Pursuant to Resolution No. HD-1940 (the "Sixth Supplemental Senior Resolution") adopted by the Board on November 2, 1998, the Treasurer is authorized to appoint and engage agents as may be appropriate to perform the duties and obligations of the Treasurer to establish and maintain certain funds and accounts (except the Harbor Revenue Fund). In connection with the issuance of the Series 2017 Senior Bonds, the Treasurer will enter into a trustee services agreement with U.S. Bank National Association to establish and maintain the Series 2017 Construction Funds, the Series 2017 Costs of Issuance Fund and the Series 2017 Rebate Fund. All such funds will be held in trust, disposed of and invested in accordance with instructions given by the Treasurer. None of such funds are pledged under the Senior Resolution to secure the Series 2017 Senior Bonds.

Additional Senior Bonds

Under the Master Senior Resolution, the City, acting by and through the Board, has covenanted that it will not incur any indebtedness having any priority in payment from Revenues over the Senior Bonds (including the Series 2017 Senior Bonds).

Under the Master Senior Resolution, the Board, on behalf of the City, has covenanted not to issue additional Senior Bonds payable from and secured by Revenues on parity with the Existing Senior Bonds and the Series 2017 Senior Bonds unless (a) such additional Senior Bonds are issued to pay or discharge outstanding Senior Bonds ("Refunding Senior Bonds"), or (b) at the time such additional Senior Bonds are issued (i) the City is not in default under the terms of the Master Senior Resolution and (ii) either (A) the Net Revenues for the last completed Fiscal Year or the 12-month period ended not more than one month before the issuance or incurrence of such additional Senior Bonds as set forth in a certificate of the Board or (B) the estimated Net Revenues for the 12-month period when the improvements or extensions to the Port financed with the proceeds of the additional Senior Bonds will be in operation as estimated by and set forth in a certificate of an independent certified public accountant or an independent engineer appointed by the Board, amount to at least 1.25 times Maximum Annual Debt Service on all Senior Bonds outstanding immediately subsequent to the issuance of such additional Senior Bonds.

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

The Board will provide the additional bonds certificate described in clause (b)(ii)(A) above with respect to the issuance of the Series 2017 Senior Bonds. The Master Senior Resolution does not restrict the City from issuing or incurring indebtedness having a lien upon Revenues which is subordinate to that of the Senior Bonds.

Investments

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

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Outstanding Senior Bonds

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, issued the Existing Senior Bonds, which as of June 1, 2017, were outstanding in the aggregate principal amount of

$822,725,000. The following table sets forth the Existing Senior Bonds which have been issued and were outstanding as of June 1, 2017.

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

Existing Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 1998A	$ 206,330,000	$ 32,260,000	5/15/2019
Series 2010A	200,835,000	124,245,000	5/15/2025
Series 2010B	158,085,000	127,530,000	5/15/2027
Series 2014B	20,570,000	17,180,000	5/15/2027
Series 2014C	325,000,000 [1]	325,000,000	11/15/2018
Series 2015A	44,845,000	43,430,000	5/15/2023
Series 2015B	20,130,000	20,130,000	5/15/2025
Series 2015C	66,085,000	66,085,000	5/15/2032
Series 2015D	66,865,000	66,865,000	5/15/2042
Total	$1,108,745,000	$822,725,000	

[1] As of the date of this Official Statement, the Harbor Department is reviewing several options to pay the principal of the Series 2014C Senior Notes on November 15, 2018, including, among other options, drawing down the proceeds of the Subordinate TIFIA Loan and/or issuing additional Senior Bonds and/or additional Subordinate Obligations. See "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project" and "CERTAIN INVESTMENT CONSIDERATIONS—Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed."

Source: Harbor Department.

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Senior Bonds Debt Service Requirements

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

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

Bond Year[1] Ending May 15	Total Debt Service Requirements for Existing Senior Bonds	Principal Requirements for Series 2017A Senior Bonds	Interest Requirements for Series 2017A Senior Bonds	Principal Requirements for Series 2017B Senior Bonds	Interest Requirements for Series 2017B Senior Bonds	Principal Requirements for Series 2017C Senior Bonds	Interest Requirements for Series 2017C Senior Bonds	Total Senior Bonds Debt Service
2018	$ 72,072,150	$ –	$ 4,473,663	$ –	$ 1,144,062	$ –	$ 1,878,225	$ 79,568,100
2019[2]	393,510,900	–	5,080,500	–	1,299,250	–	2,133,000	402,023,650
2020	57,434,750	–	5,080,500	–	1,299,250	–	2,133,000	65,947,500
2021	57,405,100	–	5,080,500	–	1,299,250	–	2,133,000	65,917,850
2022	57,404,600	–	5,080,500	–	1,299,250	–	2,133,000	65,917,350
2023	56,596,350	–	5,080,500	–	1,299,250	–	2,133,000	65,109,100
2024	56,600,850	–	5,080,500	–	1,299,250	–	2,133,000	65,113,600
2025	56,552,750	–	5,080,500	–	1,299,250	–	2,133,000	65,065,500
2026	33,390,250	4,710,000	5,080,500	–	1,299,250	–	2,133,000	46,613,000
2027	28,217,500	4,945,000	4,845,000	–	1,299,250	–	2,133,000	41,439,750
2028	12,161,500	5,190,000	4,597,750	–	1,299,250	–	2,133,000	25,381,500
2029	13,363,750	5,450,000	4,338,250	–	1,299,250	–	2,133,000	26,584,250
2030	12,163,750	5,725,000	4,065,750	–	1,299,250	–	2,133,000	25,386,750
2031	12,157,750	6,010,000	3,779,500	–	1,299,250	–	2,133,000	25,379,500
2032	12,158,000	6,310,000	3,479,000	–	1,299,250	–	2,133,000	25,379,250
2033	8,658,250	6,625,000	3,163,500	–	1,299,250	–	2,133,000	21,879,000
2034	8,657,500	6,955,000	2,832,250	–	1,299,250	–	2,133,000	21,877,000
2035	8,658,500	7,305,000	2,484,500	–	1,299,250	–	2,133,000	21,880,250
2036	8,660,500	7,670,000	2,119,250	–	1,299,250	–	2,133,000	21,882,000
2037	8,662,750	8,055,000	1,735,750	–	1,299,250	–	2,133,000	21,885,750
2038	8,659,500	8,455,000	1,333,000	–	1,299,250	–	2,133,000	21,879,750
2039	8,660,250	8,880,000	910,250	–	1,299,250	–	2,133,000	21,882,750
2040	8,659,000	9,325,000	466,250	–	1,299,250	–	2,133,000	21,882,500
2041	8,660,000	–	–	8,430,000	1,299,250	–	2,133,000	20,522,250
2042	8,657,250	–	–	8,855,000	877,750	–	2,133,000	20,523,000
2043	–	–	–	8,700,000	435,000	595,000	2,133,000	11,863,000
2044	–	–	–	–	–	9,760,000	2,103,250	11,863,250
2045	–	–	–	–	–	10,245,000	1,615,250	11,860,250
2046	–	–	–	–	–	10,760,000	1,103,000	11,863,000
2047	–	–	–	–	–	11,300,000	565,000	11,865,000
Total	$1,017,783,450	$101,610,000	$85,267,663	$25,985,000	$32,339,562	$42,660,000	$60,589,725	$1,366,235,400

[1] Bond Year means the period beginning on May 16 of each year and ending on the next succeeding May 15.
[2] Includes the principal of the $325 million of Series 2014C Senior Notes due on November 15, 2018. As of the date of this Official Statement, the Harbor Department is reviewing several options to pay the principal of the Series 2014C Senior Notes on November 15, 2018, including, among other options, drawing down the proceeds of the Subordinate TIFIA Loan and/or issuing additional Senior Bonds and/or additional Subordinate Obligations. See "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project" and "CERTAIN INVESTMENT CONSIDERATIONS—Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed."

Source: Harbor Department and Public Resources Advisory Group.

Senior Debt Service Coverage

A summary of Revenues, Maintenance Costs, Net Revenues, Senior Debt Service and debt service coverage for Fiscal Years 2012 through 2016 is presented below.

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

Fiscal Year	Revenues[1]	Maintenance Costs[2]	Net Revenues[3]	Senior Debt Service[4]	Senior Debt Service Coverage Gross[5]	Senior Debt Service Coverage Net[6]
2012	$337,189	$ 87,637	$249,552	$80,008	4.2x	3.1x
2013	346,984	97,696	249,288	80,811	4.3	3.1
2014	360,016	108,455	251,561	84,724	4.2	3.0
2015	359,486	133,771	225,715	78,363	4.6	2.9
2016	365,298	144,533	220,765	88,669	4.1	2.5

[1] Calculated in accordance with the provisions of the Master Senior Resolution. Includes Total Port Operating Revenue and Interest Income as shown in "Table 12, Harbor Department of the City of Long Beach, Comparative Summary of Statements of Revenues and Expenses" set forth below.
[2] Calculated in accordance with the provisions of the Master Senior Resolution. Includes all Port Operating Expenses excluding Depreciation and Amortization as shown in "Table 12, Harbor Department of the City of Long Beach, Comparative Summary of Statements Revenues and Expenses" set forth below.
[3] Revenues less Maintenance Costs.
[4] Includes debt service on all Senior Bonds.
[5] Revenues divided by Senior Debt Service.
[6] Net Revenues divided by Senior Debt Service.
Source: Revenues and Maintenance Costs are derived from the Harbor Department's audited financial statements for Fiscal Years 2012-2016.

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

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Resolution, the Subordinate Revolving Obligations Supplemental Resolutions and the Subordinate Revolving Obligations Credit Agreement, the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to $200 million in aggregate principal amount of its Subordinate Revolving Obligations. As of June 1, 2017, the City, acting by and though the Board, had $25,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. A portion of the proceeds of the Series 2017 Senior Bonds, along with certain moneys to be contributed by the Harbor Department, will be used to refund and repay all of the outstanding Subordinate Revolving Obligations. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2017 Senior Bonds) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds). All Subordinate Revolving Obligations issued by the City, acting by and through the Board, are purchased by the Subordinate Revolving Obligations Bank (MUFG Union Bank, N.A.) in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. Pursuant to the terms of the Subordinate Revolving Obligations Credit Agreement, the Subordinate Revolving Obligations bear interest at floating rates set forth in the Subordinate Revolving Obligations Credit Agreement. Except as otherwise provided in the Subordinate Revolving Obligations Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding is due and payable on July 11, 2019. However, subject to the terms of the Subordinate Revolving Obligations Credit Agreement, on July 11, 2019, the City, acting by and through the Board, can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable over a three year period after the July 11, 2019 maturity date. Pursuant to the provisions of the Subordinate Revolving Obligations Credit Agreement, the Subordinate Revolving Obligations Bank has the right to accelerate the payment of the principal of and interest on the Subordinate Revolving Obligations upon the occurrence of certain events of default set forth in the Subordinate Revolving Obligations Credit Agreement. See "CERTAIN INVESTMENT CONSIDERATIONS—Remedies Upon Default."

Subordinate TIFIA Loan. The City, acting by and through the Board, entered into the Subordinate TIFIA Loan Agreement with the TIFIA Lender, pursuant to which the TIFIA Lender, subject to certain conditions, agreed to make the Subordinate TIFIA Loan to the City, acting by and through the Board, in an amount not to exceed $325 million. The proceeds of the Subordinate TIFIA Loan, if drawn, will be used by the Harbor Department to finance and refinance the costs of the Gerald Desmond Bridge Replacement Project. See "CAPITAL DEVELOPMENT PROGRAM—2017-2026 Capital Plan—Gerald Desmond Bridge Replacement Project." The Subordinate TIFIA Loan, if and when made, will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. The proceeds of the Subordinate TIFIA Loan are expected to be drawn, if ever, no later than one year after substantial completion of the Gerald Desmond Bridge (i.e. when the bridge is open to all traffic). Pursuant to the terms of TIFIA Resolution, the Board has reserved the right (but is not obligated to) use all or a portion of the proceeds of the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date (November 15, 2018), or any obligations that may be issued to refinance the Series 2014C Senior Notes, and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. The final maturity date of the Subordinate TIFIA Loan will be approximately 35 years after the date the proceeds are first drawn. Pursuant to the provisions of the Subordinate TIFIA Loan Agreement, the TIFIA Lender has the right to accelerate the payment of the principal of and interest on the Subordinate TIFIA Loan upon the occurrence of certain events of default set forth in the Subordinate TIFIA Loan Agreement. See "CERTAIN INVESTMENT CONSIDERATIONS—Remedies Upon Default."

Future Financings (Additional Senior Bonds and Subordinate Obligations)

See "CAPITAL DEVELOPMENT PROGRAM—Funding Sources of 2017-26 Capital Plan" for a discussion of the Harbor Department's plans to issue additional Senior Bonds and/or Subordinate Obligations in the future to finance a portion of the costs of the 2017-26 Capital Plan. Additionally, the City, acting by and through the Board, may issue additional Senior Bonds and/or additional Subordinate Obligations in the future to refund outstanding Senior Bonds and/or Subordinate Obligations.

Other Obligations

ACTA Shortfall Advances and Surety Obligation Payments. In 1999, the Alameda Corridor Transportation Authority ("ACTA") issued and entered into obligations to finance a portion of the cost of the design and construction of a 20-mile long, multiple-track rail system linking the railyards and tracks at the Port and the Port of Los Angeles (together, the "San Pedro Bay Ports") with the Railroads' (as defined in the following paragraph) transcontinental mainlines originating near downtown Los Angeles (the "Alameda Corridor"). See "THE PORT OF LONG BEACH—Current Port Facilities—General." The Alameda Corridor was financed with contributions from the Harbor Department and the Port of Los Angeles, proceeds of taxable and tax-exempt bonds issued by ACTA, a federal loan (which was prepaid in May 2004 with the proceeds of subordinate taxable and tax-exempt bonds issued by ACTA), a grant from the Los Angeles County Metropolitan Transportation Authority, and various other grant moneys. As of June 30, 2016, ACTA had outstanding approximately $2.2 billion aggregate principal and initial amount of taxable and tax-exempt bonds (collectively, the "ACTA Obligations").

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

The ACTA Operating Agreement requires the Harbor Department and the Port of Los Angeles, severally and not jointly, to make payments (the "Shortfall Advances") in the event the amount of use fees and container charges collected from the Railroads are not sufficient to make the debt service payments on the ACTA Obligations. Pursuant to the ACTA Operating Agreement, the Harbor Department and the Port of Los Angeles are each obligated to make up one-half of any deficiency in the payment of debt service on the ACTA Obligations. However, the Harbor Department and the Port of Los Angeles are liable only for a maximum of 40% (20% each) of the total amount of debt service due in each year on the ACTA Obligations. Additionally, neither the Harbor Department nor the Port of Los Angeles is required to make Shortfall Advances that should have been paid by the other party. Based upon the June 30, 2016 outstanding amount of the ACTA Obligations, the Harbor Department and the Port of Los Angeles are potentially liable for a maximum of approximately $900 million (the Harbor Department and the Port of Los Angeles each being liable for approximately $450 million) of debt service payments on the ACTA Obligations through 2037. Pursuant to the ACTA Operating Agreement, the Harbor Department is obligated to include any forecasted Shortfall Advances in its budget for each Fiscal Year. The Harbor Department and the Port of Los Angeles were first required to pay Shortfall Advances in calendar year 2011 when they paid a total of $5.9 million ($2.95 million each) for debt service payments due on October 1, 2011. The Harbor Department and the Port of Los Angeles were again required to pay Shortfall Advances in calendar year 2012 when they paid a total of $5.9 million ($2.95 million each) for debt service payments due on October 1, 2012. The Harbor Department and the Port of Los Angeles were not required to pay Shortfall Advances in 2013, 2014, 2015 or 2016 and do not expect to pay Shortfall Advances in 2017.

In May 2016, ACTA issued its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A, and Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B Bonds (collectively, the "Series 2016 ACTA Bonds"), the proceeds of which were used to, among other things, refund a portion of ACTA's outstanding Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A Bonds. The issuance of the Series 2016 ACTA Bonds included extending the payment of principal that was scheduled to mature in Fiscal Years 2017 through 2026, and thereby the projected Shortfall Advances that the Harbor Department and the Port of Los Angeles were expected to make in those years were eliminated. Although this restructuring increased the overall amount of the debt service on the outstanding ACTA bonds, it generated significant relief from projected Shortfall Advances for the Harbor Department and the Port of Los Angeles through Fiscal Year 2026. The Harbor Department expects that it (and the Port of Los Angeles) may be required to make one or more additional Shortfall Advances between 2026 and 2037, however, as of the date of this Official Statement, the Harbor Department cannot predict either the amount or timing of any such Shortfall Advances.

In connection with ACTA's issuance of $83,710,000 of its Taxable Senior Lien Revenue Refunding Bonds, Series 2012 (the "Series 2012 ACTA Bonds"), the Harbor Department and the Port of Los Angeles entered into a debt service reserve surety agreement (the "Series 2012 ACTA Surety Agreement"). Pursuant to the Series 2012 ACTA Surety Agreement, the Harbor Department and the Port of Los Angeles each agreed to make individual payments of up to $3.6 million (the "Surety Obligation Payments") to pay the principal of and interest on the Series 2012 ACTA Bonds in the event the amount of use fees and container charges collected from the Railroads are not sufficient to make the debt service payments on the Series 2012 ACTA Bonds. The Harbor Department's (and the Port of Los Angeles') obligation under the Series 2012 Surety Agreement will decrease as deposits, if any, are made to the debt service reserve fund established for the Series 2012 ACTA Bonds. Since the execution of the Series 2012 ACTA Surety Agreement, ACTA has made cash deposits of approximately $4.1 million to the debt service reserve fund for the Series 2012 ACTA Bonds, thereby reducing the Surety Obligation Payments to a maximum of approximately $1.6 million for each of the Harbor Department and the Port of Los Angeles. The Harbor Department's (and the Port of Los Angeles's) obligation under the Series 2012 Surety Agreement to make the Surety Obligation Payments will decrease further to the extent that deposits, if any, are made to the debt service reserve fund for the Series 2012 ACTA Bonds. According to ACTA, deposits are scheduled to be made to the debt service reserve fund for the Series 2012 ACTA Bonds each October 1 in an amount of approximately $1 million, so that the debt service reserve fund for the Series 2012 ACTA Bonds will be fully funded by October 1, 2019.

The Harbor Department is obligated to make the Shortfall Advances and the Surety Obligation Payments from any legally available source of excess revenues after making all payments due with respect to the Senior Bonds (including the Series 2017 Senior Bonds) and the Subordinate Obligations, and the payment of all Maintenance Costs. The Harbor Department's obligation to make Shortfall Advances and Surety Obligation Payments is to continue even though use fees may be abated as a result of complete blockage of the rail corridor for more than five days. Shortfall Advances and Surety Obligation Payments are to be reimbursed to the Harbor Department and the Port of Los Angeles from use fees and container charges to the extent available, after payment of debt service on the ACTA Obligations, the funding of any reserves associated with the ACTA Obligations, the payment of maintenance and operating expenses of the Alameda Corridor, and the payment of administrative and other amounts.

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

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

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

The Harbor Department's Lease Subsidy Obligations and its obligations under the Guaranty are payable from any legally available source of funds after the payment of debt service and reserve fund obligations on the Senior Bonds (including the Series 2017 Senior Bonds) and the Subordinate Obligations. As of April 1, 2017, there was one active lease participant in the CTP, and as of such date the Harbor Department had paid approximately $33.4 million in lease subsidies and residual payments. The Harbor Department expects that its total remaining Lease Subsidy Obligations and obligations under the Guaranty will be approximately $500,000 through the end of calendar year 2017. The Harbor Department's Lease Subsidy Obligations and its obligations under the Guaranty will expire on September 30, 2017.

Transfers to City. Pursuant to Chapter XII, Section 1209(c)(4) of the Charter, at the beginning of each Fiscal Year, the City Council of the City (the "City Council") may determine that an amount not to exceed 5% of the gross operating revenues of the Harbor Department for the previous Fiscal Year shall be transferred from the Harbor Revenue Fund to the City's Tideland's Operating Fund. Any amounts transferred to the City's Tideland's Operating Fund must be approved by a majority of all members of the Board. When approving any transfer, the Board must determine that the amount to be transferred will not be needed for Harbor Department operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal and interest on the Senior Bonds, or otherwise impair the ability to meet covenants with respect to the Senior Bonds. The Harbor Department transferred approximately $17.8 million (5% of the Harbor Department's Fiscal Year 2015 gross operating revenue) from the Harbor Revenue Fund to the City's Tideland's Operating Fund for the Fiscal Year ended September 30, 2016. The Board expects that for the foreseeable future transfers will continue to be made each Fiscal Year from the Harbor Revenue Fund to the City's Tideland's Operating Fund.

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

Harbor Department Internal Debt Management Policy

As part of its Debt Management Policy (which was approved via ordinance in 2013 by the Board), the Harbor Department is required to (a) maintain a minimum debt service coverage ratio ([operating revenue plus interest income minus operating expenses before depreciation and amortization] divided by [annual debt service on all of the Harbor Department's debt]) of 2.0, and (b) maintain a minimum unrestricted cash balance of 600 days of operating expenses (before depreciation and amortization). This policy is only an internal guide for the Harbor Department and if not maintained will not be an event of default under the Senior Resolution. Although the Board currently intends to maintain these requirements in the Debt Management Policy, the Board could take future actions that reduce or eliminate these requirements.

THE PORT OF LONG BEACH

General

According to the American Association of Port Authorities, the Port was the number two-ranked container port in the nation in terms of container cargo for the year ended December 31, 2016. The facilities at the Port moved approximately 6.8 million TEUs for the year ended December 31, 2016. According to statistics compiled by the Journal of Commerce, during calendar year 2015 (the latest information available), the Port was the 21st busiest container port in the world. See "CERTAIN INVESTMENT CONSIDERATIONS—Port Competition" for additional information about the Port's competitors. The Port is a harbor complex located two miles from open sea in an 11.9 square-mile area (the "Harbor District") within the City and on 359 acres of the City of Los Angeles adjacent to the City. The Port is held in trust by the City pursuant to certain tideland and submerged land grants from the State to the City and is operated by the Harbor Department. The Harbor Department was created in 1931 by an amendment to the Charter. See "—Power and Authority of the Board" below.

Development of a harbor in the City began in 1905 when private interests acquired 800 acres of property for port purposes. An ocean entrance to this area was completed in 1909, and in the same year voters of the City approved a $245,000 bond issue for the purchase of water frontage and construction of the first pier. In 1911, the wharf was opened, and the Port was established. General obligation bond issues were authorized in 1916, 1924 and 1928 for channel work and construction of additional terminal facilities. With the discovery of oil in 1936, Port development was financed with petroleum revenues, and the general obligation bond issues were fully retired. Since 1965, Port development has been financed primarily with surplus revenues and the proceeds of revenue bonds. No general obligation bonds have been issued for Port development since the 1920's.

In 1990, the U.S. Congress enacted the Defense Base Closure and Realignment Act of 1990 ("DBCRA"), which established a decision making process for the closure of U.S. military bases throughout the world. Pursuant to DBCRA, the Long Beach Naval Station and the Long Beach Naval Shipyard (collectively, the "Naval Complex") were included in the base closures announced during 1991 and 1995, respectively. The Naval Complex consists of 1,140 acres (686 acres of water and 454 acres of land) located on the west side of the Harbor District. The City owns 1,093 acres of the Naval Complex and leases the remaining 47 acres from the United States pursuant to the Lease in Furtherance of Conveyance dated as of August 11, 1998 (the "Naval Complex Lease"). The Naval Complex Lease terminates in 2048 unless terminated earlier by the conveyance of the leased property in fee from the United States to the City. The Board anticipates that the remaining 47 acres will be transferred to the City in the future.

The Port currently has 65 deep-water berths (several of which are and will be capable of servicing the largest commercial ships currently afloat and the largest commercial ships currently being designed) with equipment and facilities to handle all types of cargo. See "—Current Port Facilities" below. As of September 30, 2016, the total investment in land, structures and facilities at the Port was approximately $6.1 billion, including the value of work in progress and rights of way, but before accumulated depreciation.

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

Power and Authority of the Board

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

The Charter grants the Board the exclusive power and duty for and on behalf of the City to enter into contracts, leases and agreements, to take legal actions in any matter within its jurisdiction, to exercise the right of eminent domain and to make and enforce general rules and regulations throughout the Harbor District, including the regulation of public service, public utilities and private construction; to fix and collect all rates, tolls and other charges, including tariffs, for the use and occupation of the public facilities and appliances of the Port; to take charge of, control and supervise the Port and to perform any and all other acts and things which are necessary and proper to carry out the general powers of the City. The Board's actions are not subject to review by the Mayor of the City or the City Council, except that the City Council must approve the issuance of revenue bonds, the annual budget and appeals of California Environmental Quality Act determinations regarding the environmental impacts of capital projects at the Port. The City Council has approved the issuance of the Series 2017 Senior Bonds.

Management and Administration

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

> *Lori Ann Guzmán–President*. Ms. Guzmán was appointed to the Board in 2013 and her six-year term will end on June 30, 2019. She was elected President of the Board by the other members of the Board in December 2015. Since December 2010, she has served as Director of Finance for the City of Huntington Beach, and, previously, served the City, first as City Controller and then as Chief Financial Officer. Prior to her roles at the City, Ms. Guzmán worked for the New York State Division of the Budget and the New York City Administration for Children's Services, overseeing

budgets of over two billion dollars. A Long Beach resident, she has served on the Long Beach Transit Board and is a 2000 graduate of Leadership Long Beach. Ms. Guzmán received a bachelor's degree from Barnard College at Columbia University and a master's degree in Public Administration from Columbia University School of International and Public Affairs.

Lou Anne Bynum–Vice President. Ms. Bynum was appointed to the Board in 2014 to fill a vacant seat and was reappointed to the Board in 2015. Her six-year term ends on June 30, 2021. She was elected Vice President of the Board by the other members of the Board in July 2016. Ms. Bynum currently serves as Executive Vice President for Long Beach City College ("LBCC") in which she oversees college advancement, economic development programs, workforce training, community and corporate education and training, federal and state grants and contracts, communications and public information and special resource development projects on behalf of LBCC. Ms. Bynum has served in volunteer leadership roles for local, regional and national organizations and currently serves as an executive committee member of the Los Angeles Area Chamber of Commerce Board and an appointee to the National Advisory Council on Innovation and Leadership. Ms. Bynum received a bachelor's degree in History from California State University, Long Beach and a master's Degree in Applied Linguistics/Teaching English to Speakers of Other Languages from the University of California, Los Angeles.

Tracy J. Egoscue–Secretary. Ms. Egoscue was appointed to the Board in 2014. Her six-year term ends on June 30, 2020. She was elected Secretary of the Board by the other members of the Board in July 2015. Ms. Bynum is owner and founder of the City-based environmental law firm, Egoscue Law Group. Before founding Egoscue Law Group, Ms. Egoscue served as counsel for the environmental practice group of the international law firm of Paul Hastings LLP. Prior to that, Ms. Egoscue served as Executive Officer of the State of California Regional Water Quality Control Board-Los Angeles Region and as Executive Director of the Santa Monica Baykeeper. Ms. Egoscue has also served as a Deputy Attorney General for the California Department of Justice. She also serves on the Board of Directors of the California League of Conservation Voters and Mujeres de la Tierra. Ms. Egoscue received a bachelor's degree from the University of California, Santa Barbara, and a juris doctorate from George Washington University in Washington, D.C.

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

Doug Drummond–Commissioner. Mr. Drummond was originally appointed to the Board in 2011. His current six-year term ends on June 30, 2021. Previously, Mr. Drummond served the City as a two-term City Council member, Vice Mayor and Police Department Commander. Mr. Drummond's more than 45 years of service to Long Beach began in 1959 when he became a Long Beach Police Department officer, attaining the ranks of Sergeant, Lieutenant and Captain, and then retiring in 1988 as Commander after 29 years on the force. He was elected to the Long Beach City Council in 1990, and Mr. Drummond served two four-year terms on the Council, two of those years as Vice Mayor. Mr. Drummond also has been a member of the City of Long

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

The Staff. The Charter provides that the Board appoint and employ an Executive Director, who acts as the chief executive of the Harbor Department and who exercises the management of all affairs of the Harbor Department. The management and administration of the Harbor Department is divided into five bureaus (the Finance and Administration Bureau, the Commercial Operations Bureau, the Planning and Environmental Affairs Bureau, the Engineering Services Bureau, and the Human Resources and Team Development Bureau) reporting to the Executive Director. The Finance and Administration Bureau consists of four divisions: the Finance Division, the Information Management Division, the Real Estate Division and the Risk Management Division. The Commercial Operations Bureau consists of three divisions: the Business Development Division, the Security Services Division and the Tenant Services and Operations Division. The Planning and Environmental Affairs Bureau consists of three divisions: the Environmental Planning Division, the Master Planning Division and the Transportation Planning Division. The Engineering Services Bureau consists of six divisions within two groups (the Design and Maintenance Group and the Program Delivery Group): the Design and Maintenance Group consists of the Design Division and the Maintenance Division; and the Program Delivery Group consists of the Program Management Division, the Construction Management Division, the Project Controls Division and the Survey Division. The Human Resources and Team Development Bureau consists solely of the Human Resources Division. In addition to the five bureaus discussed above, the Deputy Executive Director and the Capital Program Executive report directly to the Executive Director. The Government Relations Division and the Communications Division also report directly to the Executive Director. The executive management of the Harbor Department includes the following individuals:

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

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

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

Richard D. Cameron–Managing Director, Planning and Environmental Affairs. Mr. Cameron is the Managing Director, Planning and Environmental Affairs Bureau of the Harbor Department, and has served in this post since January 2014. He oversees the Planning and Environmental Affairs Bureau that includes Environmental Planning, Master Planning and Transportation Planning. Mr. Cameron joined the Harbor Department in 1996 as an Environmental Specialist, was promoted to Manager of Environmental Planning and named Director of the newly-created Division of Environmental Planning in 2007 before being appointed Acting Managing Director in July 2013. Earlier in his career he managed environmental programs for the Port of Los Angeles and served as a consultant for various clients. Mr. Cameron has a bachelor's degree in urban and regional planning from California State Polytechnic University, Pomona.

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

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

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

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

Employee Relations

As of April 1, 2017, the Harbor Department employed approximately 517 people. With the exception of management and unclassified positions, all employees are hired through the City Civil Service system and are represented by the International Association of Machinists and Aerospace Workers ("IAM"), the Long Beach Association of Engineering Employees ("LBAEE"), the Association of Long Beach Employees ("ALBE"), or the Long Beach Management Association ("LBMA") under the terms of separate Memoranda of Understanding. The Memorandum of Understanding with the IAM became effective October 1, 2016 and will expire on September 30, 2019, and the Memorandum of Understanding with the LBMA became effective retroactive to October 1, 2015 and will expire on September 30, 2018. The Memoranda of Understanding with the LBAEE and ALBE are still being negotiated. The employees of the Harbor Department do not work for the tenants of the Port and therefore any work stoppage related to the negotiations of new Memoranda of Understanding would not affect the collection of Revenues. See "—Stevedoring and Cargo Handling." There never has been a work stoppage by the employees of the Harbor Department.

Current Port Facilities

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

The Port is protected by a federally financed breakwater over nine miles in length. Water depths throughout the Port range from 76 feet at the entrance channel to 45 feet in the inner harbor and 55 feet in part of the middle harbor. Depth alongside wharves ranges from 32 to 55 feet, except that the bulk petroleum terminal provides berthing depths of over 70 feet. This facility, at maximum depth, is capable of handling supertankers of up to 265,000 dead weight tons. See "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Long Beach Harbor Dredging."

Shipments to and from the Port can be received or dispatched by water, rail or truck. Two major rail lines, BNSF and Union Pacific, serve the Port. These rail carriers have connections with the Port's rail system and offer reciprocal switching arrangements. Rail service to and from the Port increased after the opening in 2002 of the Alameda Corridor. The Alameda Corridor consists of a 20-mile long, multiple-track rail system that links the rail yards and tracks at the Port and the Port of Los Angeles with the Railroads' transcontinental mainlines originating near downtown Los Angeles, California. The Alameda Corridor consolidated 90 miles of pre-existing rail lines on four separate routes, into an integrated system that is separated from non-rail traffic along Alameda Street. The consolidated rail route eliminated more than 200 at-grade points of conflict between east-west streets and highways and north-south railroad traffic. ACTA was responsible for administering the overall design and construction of the Alameda Corridor (with the exception of specific work that was completed by the Railroads, certain utility owners and local agencies), and ACTA is now responsible for the operation of the Alameda Corridor, including all activities related thereto. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—ACTA Shortfall Advances and Surety Obligation Payments."

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

Container Terminals. Containerized cargo represents the largest source of revenue for the Harbor Department. For the 12 months ended September 30, 2016, containerized cargo accounted for approximately 76% of the Harbor Department's total operating revenue, primarily through the collection of wharfage. See "—Property Agreements" and "—Port Tariffs." See "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan" for information on the construction and improvement of the container terminals at the Port. The following is a summary of the major container facilities at the Port.

Pier A. SSA Terminals (Long Beach), LLC, a joint venture among SSA Terminals, L.L.C. ("SSAT"), Terminals Investment Limited and Mediterranean Shipping Company, currently operates the container terminal on Pier A (the "Pier A Container Terminal"). The Pier A Container Terminal is an approximately 200-acre facility that includes three berths, a 3,600-foot-long wharf with a water depth of 50 feet, two gate facilities with a total of 28 truck lanes, a storage area for approximately 24,000 on-ground containers, power outlets for 650 refrigerated containers and an on-site railyard capable of handling two double-stack trains simultaneously. Ten gantry cranes with capacities ranging from 40 tons to 60 tons facilitate cargo movement. The facilities at the Pier A Container Terminal can handle ships carrying up to 9,000 TEUs. See "—Operating Performance—Leading Revenue Producers—Restructuring of Preferential Assignment Agreements for Pier A and T Container Terminals."

Pier C. SSAT operates a 68-acre container terminal at Pier C (the "Pier C Container Terminal"), which includes two berths, an 1,800 foot-long wharf with a water depth of 42 feet, a storage area for approximately 4,000 on-ground containers and power outlets for 114 refrigerated containers. Three 40-ton to 60-ton capacity gantry cranes facilitate cargo movement. The facilities at the Pier C Container Terminal can handle ships carrying up to 4,500 TEUs.

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

In 2012, the Harbor Department and Orient Overseas Container Line LLC ("OOCL") entered into a 40-year preferential assignment agreement for the Middle Harbor Terminal. Phase 1 of the Middle Harbor Terminal was completed and became operational in late-2015. Phase 1 of the Middle Harbor Terminal consists of 193 acres and is capable of handling ships carrying approximately 22,000 TEUs. Once the overall Middle Harbor Terminal Redevelopment Project is fully complete, the facility will be able to handle ships carrying up to 24,000 TEUs. Based on the guaranteed annual minimum payments required to be made by OOCL pursuant to the terms of the preferential assignment agreement, the Harbor Department expects the agreement will generate a minimum of approximately $4.6 billion of operating revenue for the Harbor Department over the 40-year term. The facility will be operated by OOCL's subsidiary, Long Beach Container Terminal, LLC. See "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Middle Harbor Terminal Redevelopment (Piers D, E and F)."

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

Pier G. International Transportation Service Inc. ("ITS") operates a container terminal at Pier G (the "Pier G Container Terminal"). The Pier G Container Terminal is an approximately 247-acre facility that includes five berths, a 6,379 foot-long wharf with water depths ranging from 42 feet to 52 feet, a storage area for approximately 12,800 on-ground containers, power outlets for 384 refrigerated containers and an on-dock railyard. The Pier G Container Terminal has 17 gantry cranes, with capacities ranging from 30-tons to 60-tons. The facilities at the Pier G Container Terminal can handle ships carrying up to 10,000 TEUs.

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

Pier T. Total Terminals International, LLC (a joint venture between Terminal Investment Limited SARL (a subsidiary of Mediterranean Shipping Company) and Hyundai Merchant Marine), operates the Port's largest container terminal on Pier T (the "Pier T Container Terminal"). The Pier T Container Terminal is an approximately 380-acre facility that includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers and an on-dock railyard. The Pier T Container Terminal has fourteen 65-ton gantry cranes. The facilities at the Pier T Container Terminal can handle ships carrying up to 18,000 TEUs. See "—Operating Performance—Leading Revenue Producers—Hanjin Bankruptcy" for a discussion of the bankruptcy proceedings involving Hanjin Shipping Company, Ltd. ("Hanjin"), which was previously the 54% owner of Total Terminals International, LLC ("Total Terminals"). See also "—Operating Performance—Leading Revenue Producers—Restructuring of Preferential Assignment Agreements for Pier A and T Container Terminals."

Dry Bulk. For the 12 months ending September 30, 2016, dry bulk accounted for approximately 8% of the Harbor Department's total operating revenue, primarily through the collection of wharfage. The following is a summary of the major dry bulk facilities at the Port.

Piers G and F. Approximately 5 million and 6 million metric tons of dry bulk products were exported through the dry bulk terminals on Piers G and F in each of the Fiscal Years 2016 and 2015, respectively. These products include petroleum coke, calcined petroleum coke, coal and sulfur.

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

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

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

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

General Cargo. For the 12 months ending September 30, 2016, general cargo accounted for approximately 7% of the Harbor Department's total operating revenue, primarily through the collection of wharfage and facilities rentals. The following is a summary of the major general cargo facilities at the Port.

Vehicles. The Toyota Motor Sales automobile terminal occupies a total of 144 acres in the northern area of the Port on Pier B. Vehicles are unloaded at this terminal, cleaned, processed and transported to destinations from Southern California to the Midwest. Approximately 199,000 vehicles were shipped through this terminal during Fiscal Year 2016 as compared to approximately 204,000 vehicles during Fiscal Year 2015. A majority of all Lexus cars imported into the United States pass through this terminal. Toyota Motor Sales also exports vehicles manufactured at its factories in the United States through this terminal.

Mercedes Benz vehicles arrive and are unloaded at Pier F, Berths 206 and 207. Crescent Terminals, Inc. ("Crescent Terminals") operates Berths 206 and 207. Mercedes received approximately 72,000 vehicles in Fiscal Year 2016 and approximately 68,000 vehicles in Fiscal Year 2015 through these facilities.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 173 million board feet of lumber are handled annually.

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

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

Petroleum/Liquid Bulk. For the 12 months ending September 30, 2016, petroleum/liquid bulk accounted for approximately 5% of the Harbor Department's total operating revenue, primarily through the collection of wharfage per barrel. The following is a summary of the major petroleum/liquid bulk facilities at the Port.

Petroleum Bulk. The Port maintains five bulk oil terminals; two are leased to Tesoro Refining and Marketing Company ("Tesoro") (on Pier B); one is leased to Carson Cogeneration Company, a Tesoro subsidiary (on Pier T); one is leased to Petro Diamond Terminal Co. ("Petro Diamond") (on Pier B); and one is leased to Chemoil Marine Terminal ("Chemoil") (on Pier F). Each terminal is connected directly to the storage and tank farms of the respective lessee. The three Tesoro terminals handle primarily crude oil, while the Petro Diamond and Chemoil terminals primarily handle finished petroleum products such as gasoline, vessel bunker fuel and jet fuel. The total movement of crude and refined petroleum products during Fiscal Year 2016 was approximately 31.2 million metric tons as compared to approximately 31.0 million metric tons during Fiscal Year 2015.

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

Marine Commerce and Cargoes

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

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

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

	2012	2013	2014	2015	2016
Inbound/Outbound Cargo in Revenue Tonnage (MRTs)[1]					
Inbound Cargo					
Foreign	91,490,396	101,026,699	104,245,298	98,464,085	93,927,997
Coastwise/InterCoastal	15,793,069	18,476,723	17,998,456	26,060,757	29,008,568
Total Inbound Cargo	107,283,465	119,503,422	122,243,754	124,524,842	122,936,565
Outbound Cargo					
Foreign	33,278,391	36,768,609	37,066,641	33,592,125	32,737,305
Coastwise/InterCoastal	3,270,377	5,141,434	5,348,303	4,843,410	3,995,516
Bunkers	1,311,310	843,291	866,945	1,313,215	1,652,476
Total Outbound Cargo	37,860,078	42,753,334	43,281,889	39,748,750	38,385,297
Total Cargo in Revenue Tonnage	145,143,543	162,256,756	165,525,643	164,273,592	161,321,863
Container Count in TEUs[2]	5,857,206	6,647,975	6,817,591	7,087,700	6,946,257

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

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

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The following table sets forth the number of TEUs handled by the Port in the first seven months (October through April) of Fiscal Years 2016 and 2017.

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

Month	First Seven Months Fiscal Year 2016	First Seven Months Fiscal Year 2017	Percentage Change
October	619,983	581,808	(6.2)%
November	619,699	534,308	(13.8)
December	596,448	548,929	(8.0)
January	536,188	582,689	8.7
February	561,412	498,311	(11.2)
March	464,855	505,382	8.7
April	478,842	558,014	16.5
Total	3,877,427	3,809,441	(1.8)

Source: Harbor Department

TEUs handled at the Port decreased 1.8% during the first seven months of Fiscal Year 2017 as compared to Fiscal Year 2016. The main contributing factor to such decreases was Hanjin's filing for bankruptcy protection in August 2016, and the resulting slowdown of cargo passing through the Pier T Container Terminal. Prior to its bankruptcy filing, Hanjin was one of the largest shipping lines calling at the Port. In addition, new ocean carrier alliances in 2016 resulted in shifting of service routes. This downward trend is expected to reverse as newly formed alliances took effect on April 1, 2017. See "CERTAIN INVESTMENT CONSIDERATIONS—Alliances and Consolidation of Container Shipping Industry."

Cargo Summary. For the year ended September 31, 2016, the Port's principal inbound cargoes were bulk petroleum, metal and metal products, furniture, machinery, motor vehicle parts, electronics, apparel, chemicals, plastics and food products, and its principal outbound shipments were petroleum coke, wastepaper, food products, animal feed, scrap metal, chemicals, plastics, coal, bulk petroleum and mineral ores and ash.

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

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

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

[1] Revenue includes operating revenues from wharfage, dockage, storage/demurrage, rentals, bunkers, special facilities rentals, crane rentals and other.
Source: Harbor Department

Trading Countries. The top five trading countries with the Harbor Department for the past five Fiscal Years, ranked based upon Fiscal Year 2016 results, are summarized in the following table:

TABLE 7
Harbor Department of the City of Long Beach
Five Leading Trading Countries
(Fiscal Year Ended September 30)
(Ranked on Fiscal Year 2016 Results)
(Metric Tons)

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

Source: Harbor Department

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

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

Property Agreements

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

Property agreements for industrial and commercial use constitute one of the Harbor Department's largest and most stable sources of income. The City, acting by and through the Board, has property agreements with approximately 325 different entities (approximately over 85% of which are with private companies). These agreements include preferential assignments, leases, revocable permits and area assignments. Over the last five Fiscal Years, property agreements covering waterfront property and facilities have generated in excess of 95% of the Harbor Department's operating revenues. Under these agreements, the Board assigns or leases property and facilities to terminal operators for terms of up to 40 years. The property agreements with the Port's top ten revenue producers have expiration dates ranging from 2017 to 2051, with nine of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2034.

Most of the property agreements entered into by the cargo terminal operators are in the form of preferential assignment agreements. Under the preferential assignment agreements, the terminal operators primarily pay the Harbor Department tariff charges, mainly wharfage (the charge assessed when cargo crosses the wharf), dockage (the charge assessed for docking a vessel at a berth), storage, and demurrage (charges related to the duration that cargo may be stored at the terminal), for the use of the Port facilities. Most of the preferential assignment agreements with the cargo terminal operators contain a guaranteed annual minimum payment. For Fiscal Year 2016, the preferential assignment agreements with the Port's major container terminal operators contained guaranteed annual minimum payments of approximately $258.9 million. The preferential assignment agreements require that the compensation payable to the Harbor Department be renegotiated at various intervals ranging from two to five years, and if the parties cannot agree, compensation is to be set through arbitration.

Under most of the current property agreements, the terminal operators are responsible for the operation and maintenance of the property and facilities, but the Harbor Department retains responsibility for maintaining the structural integrity of the piers, wharves, bulkheads, retaining walls and fender systems. The Harbor Department expects that future property agreements also will make the terminal operators responsible for maintaining the piers, wharves, bulkheads, retaining walls and fender systems. Under the property agreements, Port tenants are required to comply with all applicable environmental standards set by federal, state or local laws. Port tenants are liable for all costs, expenses, losses, damages, claims, cleanup costs and penalties arising from such tenant's failure to comply with applicable environmental standards. Additionally, Port tenants are required to carry commercial general liability insurance, including bodily injury and property damage liability on the leased premises and to name the City, the Board and the officers and employees of the Harbor Department as additional insureds. The property agreements also provide that if the property or facilities covered thereby are damaged by acts of

God such as fire, flood or earthquake, or if work stoppages or strikes prevent operation of the property or facilities, compensation payable to the Harbor Department will be reduced in proportion to the interference with operations. See "—Stevedoring and Cargo Handling" below. See also "CERTAIN INVESTMENT CONSIDERATIONS—Security at the Port" and "—Seismic Risks."

During the last five Fiscal Years ended September 30, 2016, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 3.3% of the Harbor Department's operating revenues. These agreements generally provide for flat rentals or require payment of a percentage of gross revenues, subject to a fixed minimum rental.

Port Tariffs

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

The Harbor Department and all other California public ports control and determine their own individual tariff structures. However, the ports cooperate in setting tariff rates through membership in the California Association of Port Authorities ("CAPA"). One of CAPA's goals is to establish and maintain reasonable and, as far as practicable, uniform terminal rates, charges, classifications, rules and regulations for the handling and movement of domestic and foreign waterborne cargo. These tariff provisions cover assignment of marine terminal facilities, as well as rates and provisions for vessel dockage, wharfage, wharf storage, wharf demurrage and other miscellaneous terminal charges necessary for the orderly movement of cargo. The goal is to permit California ports to obtain an adequate return on investment in order to facilitate the necessary maintenance, expansion and improvement of marine facilities. CAPA enjoys an exemption from federal antitrust laws which permits this cooperative rate setting. See "CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting Demand for Port Facilities."

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

Operating Performance

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

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

	2012	2013	2014	2015	2016[1]
Operating Revenues					
Berths & Special Facilities					
Wharfage	$268,080	$296,623	$307,561	$312,074	$322,522
Dockage	11,705	12,055	10,877	10,773	8,089
Bunkers	1,373	1,375	703	1,048	1,412
Special Facilities Rentals	28,188	12,426	13,758	16,247	15,612
Crane Rentals[2]	12,760	12,789	12,789	2,372	–
Other	319	601	570	620	536
Total Berths & Special Facilities	$322,425	$335,869	$346,258	$343,134	$348,171
Rental Properties	$ 9,577	$ 9,374	$ 9,360	$ 9,881	$ 9,958
Utilities/Miscellaneous	1,885	1,001	1,262	2,435	2,531
Total Operating Revenues	$333,887	$346,244	$356,880	$355,450	$360,660

[1] See "FINANCIAL DATA" for a discussion of the Harbor Department's Fiscal Year 2016 financial results.
[2] The Harbor Department sold all of the cranes that it previously owned and leased to certain of the tenants at the Port. As a result of such sale, the Harbor Department no longer collects any crane rentals.
Source: Harbor Department

Wharfage is the Harbor Department's primary source of operating revenue, generating approximately 89% of the Harbor Department's operating revenues. The following table compares revenues generated from wharfage charges to tonnage during the last five Fiscal Years:

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

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

Source: Harbor Department

Leading Revenue Producers.

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

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

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

[1] See "Hanjin Bankruptcy" below for a discussion of the Hanjin bankruptcy and the sale of its interest in Total Terminals to a subsidiary of Mediterranean Shipping Company and Hyundai Merchant Marine.
Source: Harbor Department

Hanjin Bankruptcy. On August 31, 2016, Hanjin filed for bankruptcy protection in the United States and various other courts around the world, including South Korea. Prior to its bankruptcy filing, Hanjin owned 54% of Total Terminals, which operates the Pier T Container Terminal and generated approximately 22% of the Harbor Department's operating revenues in Fiscal Year 2016. Mediterranean Shipping Company owned the remaining 46% of Total Terminals. In connection with its bankruptcy proceedings, Hanjin sold its interest in Total Terminals to a subsidiary of Mediterranean Shipping Company (Terminal Investment Limited SARL) and Hyundai Merchant Marine. After the sale, Mediterranean's subsidiary Terminal Investment Limited SARL, now owns 80% of Total Terminals, and Hyundai Merchant Marine owns 20%. As a direct result of the Hanjin bankruptcy proceedings, between September 1, 2016 and January 1, 2017, cargo throughput at the Pier T Container Terminal decreased by 36.9%, and cargo throughput at the entire Port decreased by 7.7%. However, during the bankruptcy proceedings of Hanjin, operating revenues of the Harbor Department only decreased by 0.17% as compared to the same period in Fiscal Year 2016. Additionally, Total Terminals made all guaranteed annual minimum payments under its preferential assignment agreement with the Harbor Department.

Restructuring of Preferential Assignment Agreements for Pier A and T Container Terminals. Some of the same shipping lines call at both the Pier A Container Terminal and the Pier T Container Terminal. As a result of the movement to larger container ships in the maritime industry, these shipping lines have shifted cargo from the Pier A Container Terminal to the larger terminal facilities at the Pier T Container Terminal. This shift in cargo volume has led the Harbor Department and the operators of the Pier A and Pier T Container Terminals to begin discussing the potential of restructuring certain financial terms of the Pier A and Pier T Container Terminal Preferential Assignment Agreements. However, as of the date of this Official Statement, the Harbor Department has not come to any agreements with the operators of the Pier A and Pier T Container Terminal and cannot predict if any agreement will be reached or what effect, if any, the shift of cargo volumes between the Pier A and Pier T Container Terminals may have on the revenues of the Harbor Department.

Stevedoring and Cargo Handling

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

The current contract between the Association and the ILWU was entered into on May 21, 2015 and was ratified by the ILWU membership on May 22, 2015, retroactive to July 1, 2014. The current contract expires on June 30, 2019. The previous contract between the Association and ILWU expired on June 30, 2014. The Association and the ILWU began negotiating a new contract in May 2014, but did not agree on a new contract until February 2015. The protracted negotiations had a compounding effect on congestion issues that had slowed down container cargo movement through the Port between September 2014 and February 2015. The Harbor Department's revenues and container volumes at the Port were temporarily impacted during Fiscal Year 2015 as a result of the slowdown and other congestion factors, but full-Fiscal Year revenues were not materially affected and container volumes recovered and were slightly higher than the prior Fiscal Year (4%).

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

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

Environmental Compliance

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

Environmental Protection Agencies and the U.S. Army Corps of Engineers, which rely on consultation and advice from various federal resource agencies.

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

Additional environmental laws and regulations may be enacted and adopted, and/or court cases decided, in the future that could be applicable to the Harbor Department and the Port. See "Air Pollution Reduction Programs—2017 AQMP Backstop Measures" below. The Harbor Department is not able to predict what those laws, regulations and/or cases may provide or the costs to the Harbor Department to comply with such laws and regulations. Any additional environmental laws and regulations could significantly delay or limit the Harbor Department's plans to construct and develop new revenue generating facilities at the Port. See "CAPITAL DEVELOPMENT PROGRAM."

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

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

Hazardous Materials/Waste Management. The Harbor Department administers a number of hazardous materials and waste management programs designed to ensure compliance with applicable federal, State, and local regulations. These programs include surveys to identify the presence of hazardous materials, including asbestos and lead-based paint; assessment and remediation investigations for the cleanup of soil and groundwater contaminated by the long history of industrial development within the Harbor District; and hazardous material spill response. The Harbor Department has adopted a number of contingency plans, some of which are mandated by law, regarding potential spills of fuel, oil and other hazardous substances for the Port's marine terminal facilities. The Harbor Department's agreements with its tenants require the tenants to take on the responsibility for financing the cost associated with cleaning up spills of fuels, oils and other hazardous substances.

CEQA Document Preparation Process.

General. As the "Lead Agency" under CEQA, the Harbor Department completes CEQA determinations and documentation for all CEQA-regulated projects within the Harbor District. The Harbor Department's CEQA process includes, among other elements, (a) the establishment of a documents preparation protocol for the project description and all key analyses and (b) the establishment of a quality assurance review team, consisting of outside experts in various specialties, that will monitor the process of preparing environmental impact reports ("EIR") and environmental impact statements ("EIS") and make technical, regulatory and other recommendations. The Harbor Department's CEQA process helps reduce the potential for disagreement and challenges from federal, State and local agencies and environmental groups.

Current CEQA Projects. On December 15, 2016, the Harbor Department released a Draft EIR and an Application Summary Report for the Pier B On-Dock Rail Support Facility Project for public review. The proposed project would provide for additional railcar storage and staging capacity, including additional rail tracks for locomotive fueling, railcar repair and to accommodate assembly of cargo trains up to 10,000 feet long. The public comment period for the Draft EIR closed on March 13, 2017. The Harbor Department is reviewing the comments it received. It is anticipated that the Board will consider the Final EIR for the Pier B On-Dock Rail Support Facility Project in the second half of 2017.

The Harbor Department and the U.S. Army Corps of Engineers are preparing a Port of Long Beach Deep Draft Navigation Feasibility Study and joint EIR/EIS. The study will analyze if there is a federal interest in deepening channels at the Port. The Harbor Department has prepared a Notice of Preparation under CEQA and has solicited input from agencies, organizations and interested parties on the scope of environmental issues to be addressed in the EIR for this project. A Draft EIR is currently being prepared.

Past CEQA Projects. On May 13, 2009, the Middle Harbor Terminal Redevelopment Project EIR/EIS was certified by the Board. On August 9, 2010, the Board certified the Final EIR for the Gerald Desmond Bridge Replacement Project (the "Gerald Desmond Bridge EIR"), and on September 23, 2010, Caltrans issued a Finding of No Significant Impacts with respect to the Gerald Desmond Bridge Replacement Project (the "Gerald Desmond Bridge FONSI"). Subsequent to August 9, 2010, the Board approved certain addenda to the Gerald Desmond Bridge EIR, which were reviewed by Caltrans and, in each case, Caltrans determined that the Gerald Desmond Bridge FONSI remained valid. In October 2013, an EIR/EIS with respect to development of Pier S for navigational improvements to the Back Channel and the Cerritos Channel and a shore realignment at Pier S was approved by the Board.

Air Pollution Reduction Programs. In 2006, the Harbor Department, together with the Port of Los Angeles, developed the CAAP with input from the EPA, the California Air Resources Board, and the South Coast Air Quality Management District. The CAAP was updated and reauthorized in 2010 and is currently undergoing a public process for a third update. The CAAP is the Harbor Department's long-term comprehensive plan to address air pollution emissions from Port-related sources. The CAAP addresses every category of Port-related emission sources (ships, trucks, trains, cargo handling equipment and harbor craft), and outlines specific, detailed strategies to reduce emissions from each category. Through implementation of the CAAP, since 2005, there has been an 84% reduction in diesel particulate matter, a 97% reduction in sulfur oxides and a 48% reduction in nitrogen oxides emissions from Port-related sources. The CAAP has and will require a significant investment by the Harbor Department, the Port of Los Angeles and private sector businesses and will expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on the San Pedro Bay Ports. See "2017 AQMP Backstop Measures" below.

Pursuant to the CAAP, the Harbor Department has undertaken several programs to lower air pollution levels at the Port, including, but not limited to: (a) an incentive-based program that encourages vessels entering the San Pedro Bay Ports to lower their speeds (faster speeds produce higher emissions) (the "Green Flag Incentive Program"); (b) an incentive-based program to encourage vessel operators to deploy their lowest pollution-emitting ships to San Pedro Bay Ports (the "Green Ship Incentive Program"); (c) accelerated replacement of cargo handling equipment with equipment that meets the cleanest engine standards; (d) use of shore-side electrical power for ships calling at the Port (also known as "cold ironing"); (e) a Technology Advancement Program which seeks to accelerate the verification or commercial availability of new, clean technologies, through evaluation and demonstration in port operations; (f) replacement of the entire fleet of 16 switcher locomotives operated by Pacific Harbor Line with less polluting locomotives and the purchase of six generator set locomotives which meet the cleanest engine standards; and (g) the CTP, which requires progressively cleaner engine standards for trucks operating at the Port.

Green Flag Incentive Program. The Green Flag Incentive Program was approved by the Board in 2005 to boost compliance with the Voluntary Vessel Speed Reduction Program, which was then around 60%. The Green Flag Incentive Program provides financial incentives and recognition to the Port's vessel operators who consistently participate in a voluntary speed-reduction program designed to reduce air pollution.

Under the original Green Flag Incentive Program, ocean vessels that observed a 12-knot speed limit within 20 nautical miles of the Port during an entire year of voyages to and from the Port were awarded a Green Flag environmental achievement award to recognize their contributions to improved air quality. The ocean carriers who operated the individual ships qualified for a dockage rate reduction of 15% during the following 12 months if 90% of their vessels complied with the 12-knot speed limit for the previous year. In 2009, the program was expanded to 40 nautical miles offshore. Ships observing the speed limit 40 nautical miles offshore qualify for a dockage rate reduction of 25%.

For 2016, the Green Flag Incentive Program had participation rates of 96% and 88% for 20 nautical miles and 40 nautical miles, respectively. In 2015 (the latest information available), air pollution reductions included avoided emissions of approximately 1,224 tons of smog-forming nitrogen oxides and approximately 24 tons of diesel particulate matter. In Fiscal Year 2016, the Harbor Department provided discounts to qualified participants in the Green Flag Incentive Program of approximately \$2.6 million. The Harbor Department estimates that it will provide approximately \$2.6 million of discounts to qualified participants in the Green Flag Incentive Program in Fiscal Year 2017.

Green Ship Incentive Program. The Green Ship Incentive Program is a voluntary clean-air initiative targeting the reduction of smog-causing nitrogen oxides (NOx). It rewards qualifying vessel operators for deploying today's greenest ships to the Port and accelerating the use of tomorrow's greenest ships. Vessels with main engines meeting 2011 Tier 2 standards established by the International Maritime Organization will be eligible for an incentive of \$2,500 per ship call. For vessels meeting the 2016 Tier 3 standards, the incentive will increase to \$6,000 per ship call. Tier 2 engines reduce NOx emissions by 15%, and Tier 3 engines reduce NOx emissions by 80%. In 2016, approximately 23.2% of the vessel calls at the Port were eligible for the Green Ship Incentive Program and the Harbor Department provided approximately \$862,500 in incentive payments.

Shore-Side Electrical Power. Exhaust emissions from auxiliary engines operated by vessels while at berth represent a significant source of air pollution at the Port. A docked cargo ship operates auxiliary engines to power onboard operations which emits several types of air contaminants. The Harbor Department is moving forward with the implementation of shore-side electric power, rather than using internal combustion power (diesel), to power ships while at berth. When shore-side electricity is provided to the vessel, the auxiliary engines can be turned off. Shore-side electrical power will significantly reduce diesel emissions, the major source of air pollution, from large ships while at berth. In November 2007, the Port's first shore-side electrical powered container berth was commissioned at the International Transportation Service terminal on Pier G. Under a lease agreement with the Harbor Department, at least 50 vessel calls per year must use shore-side electrical power. In June 2009, the world's first shore-side electrical powered tanker berth was commissioned at the BP terminal on Pier T. In addition, bulk vessels have been using shore-side electrical power at the Mitsubishi Cement terminal on Pier F since 2007. All remaining container terminal berths were equipped with shore-side electrical power by the end of Fiscal

Year 2016. The Harbor Department incurred approximately $136.3 million of costs in connection with equipping facilities at the Port with shore-side electrical power.

In December 2007, the California Air Resources Board approved the "Airborne Toxic Control Measure for Auxiliary Diesel Engines Operated on Ocean-Going Vessels At-Berth in a California Port" regulation, commonly referred to as the "At-Berth Regulation." The purpose of the At-Berth Regulation is to reduce emissions from diesel auxiliary engines on container ships, passenger ships, and refrigerated-cargo ships while berthing at a California Port. The At-Berth Regulation defines a California Port as any of the Ports of Los Angeles, Long Beach, Oakland, San Diego, San Francisco, and Hueneme. The At-Berth Regulation provides vessel fleet operators visiting these ports two options to reduce at-berth emissions from auxiliary engines: (1) turn off auxiliary engines and connect the vessel to some other source of power, most likely shore-side electrical power; or (2) use alternative control technique(s) that achieve equivalent emission reductions. Starting in 2014, at least 50% of a fleet's visits to the Port were required to use one of these two options to reduce emission, and the percentage of fleet visits required to use one of these two options increases to 70% in 2017, and to 80% starting in 2020. The Harbor Department expects most vessels using Port facilities to use shore-side electrical power in order to comply with the At-Berth Regulation.

Clean Trucks Program. The CTP has successfully reduced air emissions and health risks by modernizing the Port's trucking fleet. The CTP targets emissions from heavy duty trucks that move cargo in and out of the marine terminals at the Port. The CTP instituted a series of progressive bans adopted by the San Pedro Bay Ports designed to gradually restrict older, more polluting trucks from operating at the marine terminals at the San Pedro Bay Ports until eventually all trucks operating at San Pedro Bay Port terminals would be required to meet the EPA's 2007 On-Road Heavy Duty emissions standards. In recent years, more than 16,000 drayage trucks were regularly operating at the San Pedro Bay Ports.

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

2017 AQMP Backstop Measures. In 2017, the South Coast Air Quality Management District adopted its 2017 Air Quality Management Plan (the "2017 AQMP"). The 2017 AQMP contains a "backstop rule" (also known as MOB-01) that would require the San Pedro Bay Ports to develop a strategy to reduce air emissions at the respective ports to levels still to be developed in accordance with the 2017 AQMP. The emission reduction levels could be more strict than what is already set forth in the CAAP. In March 2017, the California Air Resources Board adopted the 2017 AQMP as part of its amendments to the State Implementation Plan pursuant to the Clean Air Act. The amended State Implementation Plan has been submitted to the EPA for review and approval, which review and approval could take up to 18 months. The Harbor Department does not believe the South Coast Air Quality Management District or the California Air Resources Board have the authority to impose rules or regulations on the San Pedro Bay Ports that would require the Ports to regulate emissions from shipping companies, the railroads or the trucking companies because (i) the San Pedro Bay Ports are not regulators and do not have regulatory authority, and (ii) those industries are regulated under international treaties and federal and state laws and thus enjoy various levels of preemption. As of the date of this Official Statement, the Harbor Department cannot predict what final rules and regulations may result from the 2017 AQMP and the State Implementation Plan, the results of any legal challenges to such rules and regulations, or the costs of such rules and regulations, if enforceable against the San Pedro Bay Ports and their respective tenants.

Water Quality Improvement. The Harbor Department faces water quality issues that include not only stormwater runoff from Port lands, but also the on-water activities of industrial harbors, legacy sediment contamination, and inputs from intensely developed urban watersheds upstream. Recognizing the advantages of addressing these issues on a port-wide basis, in 2009, the Harbor Department and the Port of Los Angeles worked cooperatively with regulatory agencies and the public to develop a Water Resources Action Plan (the "WRAP"). The WRAP is a joint plan for managing water and sediment quality at the San Pedro Bay Ports. The WRAP identifies the key issues in the port complex; identifies control measures to address those issues; and assembles existing, as well as proposed, water and sediment programs into those measures. The WRAP describes the implementation tools available to the San Pedro Bay Ports (lease and tariff provisions, incentives, and port-sponsored initiatives) and establishes a schedule for implementing the control measures. A key aspect of the WRAP is its dynamic nature: the WRAP is revisited periodically to add detail and to add or modify measures where appropriate. The control measures described in the WRAP consist largely of plan formulation and the expansion and reorganization of activities that the San Pedro Bay Ports are already engaged in. Accordingly, the cost of implementing the control measures will consist predominately of staff and consultant time. Several of the control measures set forth in the WRAP will likely involve capital costs at the implementation phase. Costs of the WRAP will be paid with Harbor Department revenues, federal, state and local grant funding and other sources of funds. The Board does not expect these costs to be material to the Harbor Department.

In March 2012, the Los Angeles and Long Beach Harbors Toxic and Metals Total Maximum Daily Load (the "TMDL") was adopted by the State of California Water Resources Control Board. The Harbor Department has begun to implement the requirements of the TMDL, mainly by implementing the programs identified in the WRAP. Additionally the Harbor Department has established a technical working group with the Port of Los Angeles, the Los Angeles Regional Water Quality Control Board and the State Water Resources Control Board, to conduct the special studies and analysis required to make sound environmental management decisions and support modifications to the TMDL, which is scheduled to be reconsidered in 2019. The Harbor Department expects to spend approximately $2 million per year through 2018 to conduct the necessary studies, required monitoring and development of related implementation plans associated with the TMDL.

Additionally, the City developed a Watershed Management Program ("WMP") in coordination with the Harbor Department to address the Harbor watershed as well as other near shore watersheds in the City. The WMP is required to comply with the City's Municipal Stormwater National Pollutant Discharge Elimination System Permit. The WMP is intended to ensure that the Port and the City will achieve all established water quality standards.

Port Energy Planning. As described above, the Harbor Department's aggressive air-emission reduction programs have resulted in significant improvements in air quality since the Green Port Policy was adopted in 2005. As the Harbor Department moves toward a zero-emission goal, its reliance on electrical power has dramatically increased. On-terminal electricity usage is predicted to quadruple by 2030, compared with a 2005 base year. At the same time, the electrical grid which is maintained by a local utility company is aging and the region experiences power outages. The Harbor Department is currently developing an energy program that seeks to provide energy reliability, resiliency and economic competitiveness to its own operations and those of its tenants.

This long term strategy is designed to assist the region in attracting new businesses, promoting job growth, advanced technologies and customer retention, and to provide reliable assets that can be used in the event of natural or man-made disasters. The Harbor Department expects to spend approximately $3 million in each of 2017 and 2018, to evaluate the feasibility of various energy strategies, as well as to support appropriate emerging energy technologies. The Harbor Department anticipates that these costs will be partially financed with various grants.

CAPITAL DEVELOPMENT PROGRAM

Master Plan; Long-Term Land Use Study

Master Plan. On October 17, 1978 the California Coastal Commission (the "CCC") certified the Port Master Plan as being in conformance with the policies of Chapters 8 and 3 of the California Coastal Act. The Port Master Plan has been amended on numerous occasions since 1978. All amendments to the Port Master Plan that required the approval of CCC were approved by CCC. The purpose of the Port Master Plan is to provide the Harbor Department with a planning tool to guide future Port development and to ensure that projects and developments in the Harbor District are consistent with the requirements of the California Coastal Act. The Port Master Plan establishes a flexible framework allowing for planned development of the Port and is updated periodically.

On November 4, 2016, the Harbor Department issued a request for proposals for consultant support for a comprehensive update to the Port Master Plan. In June 2017, the Harbor Department selected Leidos as its preferred consultant, which the Board is expected to approve in July 2017. Leidos will assist the Harbor Department with updating the Port Master Plan, evaluating the environmental impacts of proposed development and land uses and Port Master Plan approval by the Board and the CCC.

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

2017-26 Capital Plan

In addition to the Port Master Plan, the Harbor Department maintains a 10-year capital plan which sets forth the specific projects the Harbor Department expects to develop and construct over the next ten years. The 2017-26 Capital Plan is the Harbor Department's current 10-year capital plan. The 2017-26 Capital Plan includes, but is not limited to, the following capital projects and improvements: the Gerald Desmond Bridge Replacement Project, expansion and modernization at the shipping terminals on Piers D, E, F and G, expansion of rail facilities, construction of a new Port administration building, dredging of the Long Beach Harbor, installation of various security improvements and various infrastructure projects at the Port (including street, storm drain, sewer and water systems projects). Currently, the 2017-26 Capital Plan has an aggregate estimated cost of approximately $3.0 billion. The Harbor Department expects to finance approximately $2.6 billion of the costs of the 2017-26 Capital Plan with revenues of the Harbor Department, proceeds of Senior Bonds (including the Series 2017 Senior Bonds) and Subordinate Obligations (including the Subordinate TIFIA loan). The Harbor Department expects the remaining approximately $393 million of costs of the 2017-26 Capital Plan will be financed with federal and State grants and other sources of funds. See also "THE PORT OF LONG BEACH—Environmental Compliance."

Many of the improvements to the marine terminals set forth in the Port Master Plan and the 2017-26 Capital Plan, include, but are not limited to, longer wharves, deeper berths and larger storage areas necessary to accommodate the docking and loading/unloading requirements of the current and future container cargo ships. Currently, the largest container cargo ships have the capacity to carry upwards of 21,000 TEUs.

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

Middle Harbor Terminal Redevelopment Project (Piers D, E and F). The Middle Harbor Terminal Redevelopment Project is a 10-year approximately $1.31 billion modernization of the shipping terminals on Piers D, E and F. The Harbor Department expects to request Board approval in June 2017 to increase the budget for the Middle Harbor Terminal Redevelopment Project to $1.49 billion. The project will consolidate the Pier E terminal (170 acres), the Pier F terminal (101 acres), and the Berth E24 subsided oil area (five acres), into a single, modern, 305-acre container terminal. The project will add on-dock rail capacity, shore-side electrical power, battery charging stations for electric yard equipment, electric rail-mounted gantry cranes, and deeper channels to accommodate the newest container ships. The project is being constructed in three phases. Phase 1 was completed in late-2015 and is currently in operation. Construction of Phase 2 began in 2015 and is expected to be completed in 2017. Construction of Phase 3 is anticipated to begin in 2018 and be completed in 2020. When completed, the Middle Harbor Terminal is expected to be able to move up to an estimated 3.3 million TEU's annually, twice the amount of cargo that was moved through the old facilities. See "THE PORT OF LONG BEACH—Current Port Facilities—Container Terminals—Piers D, E and F" for information about the preferential assignment agreement the Harbor Department entered into with OOCL for the Middle Harbor Terminal.

Pier G Terminal Redevelopment Project. The Pier G Terminal Redevelopment Project is mostly complete. The project consisted of a multi-year renovation of the Pier G Container Terminal that upgraded rail, wharf, gate, container yard, maintenance and administration facilities. Portions of the Pier G on-dock rail yard were built over 40 years ago. The "Double Track Access" from Pier G to Pier J is the next project in the Pier G Terminal Redevelopment Project. This project will add a second lead track serving both the Pier G Terminal and the Pier J Terminal, together with construction of additional storage tracks to replace those taken out of service to construct the second lead track.

Rail Program. A major transportation element of the 2017-26 Capital Plan is to move more cargo by rail instead of by truck. The Port has a significant railroad infrastructure improvement program that includes four rail-related projects with an approximate cost of over $1 billion. Three of these rail-related projects are located adjacent to, but outside of, the marine terminal lease boundaries. The fourth rail-related project will improve the efficiency of rail operations at the Pier G dry bulk terminal. The location and design of these rail-related projects are intended to support a significant increase in the amount of cargo moved by on-dock rail. The largest project within the Rail Program is the Pier B On-Dock Rail Support Facility. The Pier B On-Dock Rail Support Facility is expected to be a seven to 16 year program following EIR certification (see "THE PORT OF LONG BEACH—Environmental Compliance—CEQA Document Preparation Process"). Right-of-way acquisition, utility relocations, street re-alignment and traffic improvements are significant work elements that will be undertaken prior to a phased railyard expansion. The proposed expansion would increase on-dock rail activity at the container terminals by providing a staging yard for on-dock rail operations. This staging yard would (1) allow longer, 10,000-ft trains to be operated consistently from each container terminal without congesting main line operations; (2) improve utilization at each on-dock railyard by shifting train arrival and departure activities, locomotive fueling, and potentially railcar maintenance work to the Pier B yard; (3) act as a central classification yard where the railroads could assemble railcars from different container terminals into a single train; (4) provide a buffer space where each on-dock terminal could stage railcars until the on-dock terminal is ready to load and unload them; and (5) convert certain truck trips to rail trips between the Port and shippers in California, Arizona and Nevada. This project would increase the rail modal share of cargo activity in the harbor, with a corresponding reduction in modal share moving to and from the Port by truck.

Gerald Desmond Bridge Replacement Project. The Gerald Desmond Bridge is a vital link in the San Pedro Bay Ports' goods movement infrastructure because it connects to 710 Freeway, which is the primary access route for the San Pedro Bay Ports and carries approximately 15% of all U.S. port-related container traffic.

The Gerald Desmond Bridge Replacement Project consists of replacing the existing four-lane Gerald Desmond Bridge, which spans the Port's Main Channel, with a new six-lane bridge and higher clearance. The new bridge will provide improved traffic flow, emergency lanes on both the inner and outer shoulders in each direction to reduce traffic delays and safety hazards from accidents and vehicle breakdowns, a 205-foot vertical clearance to accommodate taller vessels, a reduction in the bridge's steep grades, and a bicycle/pedestrian path with scenic overlooks. Additional improvements include reconstruction of the Terminal Island East Interchange and a new interchange with the 710 Freeway. Currently, the Gerald Desmond Bridge is only two lanes in each direction with no shoulder and, depending on tide conditions, is too low to accommodate passage of the tallest ships.

The Gerald Desmond Bridge Replacement Project is budgeted to cost approximately $1.467 billion and is a joint effort between the California Department of Transportation ("Caltrans") and the Harbor Department. Funding for this project will come from numerous sources, including federal and State grants, proceeds of the Subordinate TIFIA Loan and/or additional Senior Bonds and/or Subordinate Obligations, and revenues of the Harbor Department.

As of January 1, 2017, the design of the Gerald Desmond Bridge Replacement Project was approximately 99% complete and construction of the Gerald Desmond Bridge Replacement Project was approximately 64% complete. Construction of the new bridge began in 2013 and was originally expected to be completed by the end of 2016. Due to complexities of the site and design, in 2014, the Harbor Department revised the schedule for the Gerald Desmond Bridge Replacement Project, which included changing the date of substantial completion of the bridge (i.e. when the bridge is open to all traffic) to June 2018. As of January 2017, the latest schedule provided by the contractors of the bridge showed a date of substantial completion of May 2019. The Harbor Department and the contractors are currently working together to adjust construction schedules to meet the June 2018 substantial completion date. However, as of the date of this Official Statement, the Harbor Department cannot predict if substantial completion of the bridge will occur by June 2018. See "CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting 2017-26 Capital Plan" and "—Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed." Following completion of the new bridge, the old bridge will be demolished and removed.

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

Civic Center Plaza (Port Headquarters Building). The new Port of Long Beach Administrative Headquarters Building project is a part of the City of Long Beach Civic Center project. The project includes the construction of a new headquarters building for the Harbor Department in downtown Long Beach, co-located with a new city hall, a library, a public park and other shared facilities. The Harbor Department's total project cost, including certain costs associated with facilities that will be shared with the City, the purchase of the land upon which the Port Headquarters Building is being constructed and non-construction cost, is expected to be approximately $235 million. Procurement of the Port Headquarters Building will be under a modified design-build-finance-operate-maintain approach. The Port Headquarters Building and the City of Long Beach Civic Center are being developed by Plenary Properties Long Beach LLC ("Plenary"). The project agreement with Plenary (the "Project Agreement") was approved by the Board on December 17, 2015, and closing of the transaction occurred in April 2016. Construction started in August 2016 and is expected to be completed in late-2019. Plenary, through a loan provided by Sumitomo Mitsui Banking Corporation, is providing the financing for the costs of construction of the Port Headquarters Building. Pursuant to the terms of the Project Agreement, upon completion of the Port Headquarters Building, the Harbor Department has agreed to make a completion payment in the amount of $212.6 million to Plenary, which will generally equal the amount necessary for Plenary to pay off the construction loan from Sumitomo Mitsui Banking Corporation.

Long Beach Harbor Dredging. The Harbor Department has identified several dredging projects that will be in development over the next few years, including, deepening of the West Basin approach and Pier T berths and widening of the Inner Harbor Turning Basin. A federal study to expand the limits of the federal channels is also underway. Dredging projects that are currently scheduled to move forward have an approximate cost of $45 million.

Fire Safety Projects. The fire safety projects include the replacement of two obsolete fireboats and the construction of two new fireboat stations. The first of the fireboats was delivered and placed into service in 2016, and the second fireboat is scheduled for delivery in the first half of 2017. The budget for the two fireboats is $70 million. The two proposed fireboat stations would replace one older station and one temporary facility. The cost of the new fireboat stations is estimated to be $100 million. See "LITIGATION—Litigation Relating to the Harbor Department and the Port—Fireboat Litigation."

Infrastructure Capital Improvement Programs. The Harbor Department owns and maintains infrastructure outside of operating terminals including roadways, water distribution system, sanitary sewer system, storm drain system, electrical distribution system, wharf structures and rock dikes and other assets. To manage the infrastructure condition efficiently, the Harbor Department has developed a 10-year plan for roadway and wet utilities improvements, including water, sanitary sewer and storm drain, with an approximate cost of $200 million. To proactively monitor and manage infrastructure conditions throughout the Port, the Harbor Department intends to update the plan periodically.

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Funding Sources of 2017-26 Capital Plan

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

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

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

[1] Includes the Series 2017 Senior Bonds and the Senior Bonds and/or Subordinate Obligations that will be issued to pay the principal of the Series 2014C Senior Notes on November 15, 2018. As of the date of this Official Statement, the Harbor Department is reviewing several options to pay the principal of the Series 2014C Senior Notes on November 15, 2018, including, among other options, drawing down the proceeds of the Subordinate TIFIA Loan and/or issuing additional Senior Bonds and/or additional Subordinate Obligations.

Source: Harbor Department.

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

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FINANCIAL DATA

The following tables present the Harbor Department's Statements of Revenues, Expenses and Changes in Net Position and Statements of Net Position for Fiscal Years 2012-2016.

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

	2012	2013	2014	2015	2016
Port Operating Revenues:					
Berths and Special Facilities	$322,425	$335,869	$346,258	$343,134	$348,171
Rental Properties	9,577	9,374	9,360	9,881	9,958
Miscellaneous	1,885	1,001	1,262	2,435	2,531
Total Port Operating Revenues	$333,887	$346,244	$356,880	$355,450	$360,660
Port Operating Expenses:					
Operating/Administrative	$ 87,637	$ 97,696	$108,455	$133,771	$143,873
Depreciation/Amortization	88,523	90,849	117,966	137,709	146,721
Total Port Operating Expenses	$176,160	$188,545	$226,421	$271,480	$290,594
Income from Port Operations	$157,727	$157,699	$130,459	$83,970	$70,066
Non-Operating Revenues (Expense):					
Clean Air Action Plan Income (Expense)	$(3,926)	$(3,420)	$(2,474)	$ (3,488)	$(4,656)
Gain/(Loss) on Sale of Assets	7	(6)	16	35,979	48
Income from Equity in Joint Ventures, Net	–	2,049	3,640	2,811	2,544
Interest Expense, Net of Interest Capitalized	(10,341)	(65)	(1,205)	(878)	(13,244)
Interest Income	3,302	740	3,136	4,036	4,637
Other Income (Expense), Net	(1,904)	(182)	(298)	5,048	139
Total Non-Operating Revenues (Expenses)	$(12,863)	$(884)	$2,816	$43,508	$(10,532)
Income Before Transfers and Capital Grants	$144,865	$156,815	$133,275	$127,478	$59,533
Net Operating Transfers	$(16,694)	$(17,312)	$(17,844)	$(17,772)	$(18,693)
Capital Grants	13,627	250,543 [1]	178,295 [1]	121,008 [1]	128,282 [1]
Contributions to/from Others	–	–	(10,203)	–	4,008
Change in Net Position	$ 141,798	$ 390,046	$283,523	$230,713	$173,130
Total Net Position (beginning of fiscal year)	$2,651,522	$2,793,319	$3,178,686	$3,462,209	$3,609,819
Adjustment for GASB 65 Implementation[2]	–	(4,678)	–	–	–
Adjustment for GASB 68 Implementation[2]	–	–	–	(83,104)	–
Adjustment for GASB 75 Implementation[2]	–	–	–	–	(2,922)
Total Adjusted Net Position (beginning of fiscal year)	$2,651,522	$2,788,640	$3,178,686	$3,379,105	$3,606,897
Total Net Position (end of fiscal year)	$2,793,319	$3,178,686	$3,462,209	$3,609,818	$3,780,027

[1] In Fiscal Years 2013, 2014, 2015 and 2016, the Harbor Department received $230 million, $126 million, $97 million and $96 million, respectively, of federal and state grants in connection with the Gerald Desmond Bridge Replacement Project.

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

Source: The Harbor Department's audited financial statements for Fiscal Years 2012-2016.

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

First Seven Months of Fiscal Year 2017 Results. Operating revenues through the first seven months of Fiscal Year 2017 were $209,677,863, an increase of 0.6% from the same period in Fiscal Year 2016. Containerized cargo revenue decreased 1.3% during the first seven months of Fiscal Year 2017 due to the bankruptcy of Hanjin Shipping. All other revenue categories, except revenues from the lumber terminal at Pier T, increased during this period compared to Fiscal Year 2016. Cargo volume for the first seven months of Fiscal Year 2017 was 90,782,321 MRTs, an increase of 1.6% from the same period in Fiscal Year 2016. Operating and administrative expenses in the first seven months of Fiscal Year 2017 were $65,676,814, a decrease of 1.2% compared to the same period in Fiscal Year 2016. Operating revenues of $209,677,863 for the first seven months of Fiscal Year 2017 were 1.2% less than budgeted operating revenues of $212,183,501. As of April 30, 2017, 63% of Fiscal Year 2017 projected guaranteed annual minimums had been earned.

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

	2012	2013	2014	2015	2016
Current Assets:					
Pooled Cash and Cash Equivalents	$522,116	$ 239,891	$301,487	$320,731	$335,454
Trade Accounts Receivable, Net	48,834	39,458	52,765	49,964	50,607
Due from Other Governmental Agencies	66,955	129,171	63,361	98,175	66,290
Inventories of Supplies	603	520	631	584	679
Other Current Assets	3,369	1,967	1,726	2,657	3,926
Subtotal	$641,877	$411,007	$419,970	$472,112	$456,956
Harbor Revenue Bond Funds & Other Funds Restricted as to Use:					
Pooled Cash and Cash Equivalents	$31,066	$29,902	$32,902	$28,998	$30,017
Total Current Assets	$672,943	$440,909	$452,872	$501,110	486,973
Noncurrent Assets:					
Capital Assets:					
Land:					
Land Purchased	$448,936	$448,936	$448,936	$450,001	$462,009
Constructed	455,825	454,843	456,024	481,546	489,909
Net Land	$904,761	$903,779	$904,961	$931,547	$951,918
Structure/Facilities	$2,240,186	$2,337,756	$2,953,693	$3,164,854	$3,288,418
Less Accumulated Depreciation	(1,269,068)	(1,352,868)	(1,455,600)	(1,496,306)	(1,631,558)
Net Structures and Facilities	$971,118	$984,888	$1,498,093	$1,668,548	$1,656,860
Furniture/Fixtures/Equipment	$39,998	$44,894	$83,266	$94,699	$130,576
Less Accumulated Depreciation	(27,865)	(31,803)	(45,036)	(57,069)	(65,897)
Net Furniture/Fixtures/Equipment	$12,133	$13,091	$38,230	$37,630	$64,679
Construction in Progress	$603,251	$1,367,213	$1,248,187	$1,251,763	$1,484,888
Right-of-Way	207,823	207,823	207,823	207,032	207,031
Net Capital Assets	$2,699,086	$3,476,794	$3,897,294	$4,096,520	$4,365,376
Other Assets					
Long-Term Receivables	$1,300	$1,300	$1,300	$1,300	$1,300
Environmental Mitigation Bank	43,236	43,236	43,236	41,162	41,162
Investment in Joint Ventures	3,168	3,217	4,857	5,667	5,211
Restricted pooled cash and cash Equivalents	113,213	17,597	155,242	102,929	52,047
Restricted nonpooled cash and cash Equivalents	95	259	2,103	127,166	1,765
Restricted nonpooled investments	63,511	63,238	118,998	88,979	73,846
Other Non-Current Assets	7,025	6,227	5,998	9,998	8,973
Total Other Assets	$231,548	$135,074	$331,734	$377,201	$184,304
Total Noncurrent assets	$2,930,634	$3,611,868	$4,229,028	$4,473,722	$4,549,680
Total Assets	$3,603,577	$4,052,777	$4,681,901	$4,974,832	$5,036,653
Deferred Outflows	12,922	11,404	9,593	22,268	41,884
Total Assets and Deferred Outflows	$3,616,499	$4,064,181	$4,691,494	$4,997,100	$5,078,537

Source: The Harbor Department's audited financial statements for Fiscal Years 2012-2016.

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

	2012	2013	2014	2015	2016
Liabilities					
Current Liabilities Payable from Current Assets:					
Accounts Payable and Accrued Expenses	$85,652	$108,229	$86,239	$69,478	$ 75,113
Liability Claims	4,000	14,000	6,961	–	8,600
Deferred Credits and Unearned Revenue	13,821	13,633	11,668	10,667	7,116
Due to City of Long Beach	19,030	17,312	17,969	21,869	20,143
Total Current Liabilities Payable from Current Assets	$122,504	$153,175	$122,837	$102,014	$ 110,972
Current Liabilities Payable from Restricted Assets:					
Current Portion of Bonded Indebtedness	$46,965	$49,115	$51,805	$45,360	$ 44,905
Accrued Interest – Bonds	12,385	11,484	14,965	15,244	16,055
Total Current Liabilities Payable from Restricted Assets	$59,350	$60,599	$66,770	$60,604	$ 60,960
Total Current Liabilities	$181,854	$213,773	$189,606	$162,618	$171,932
Long-Term Obligations (Net of Current Portion):					
Unearned Revenues	$ –	$ –	$ 20,453	$ –	$ 3,685
Bond Indebtedness	641,326 [1]	591,722 [1]	896,262	963,542	899,009
Lines of Credit	–	80,000	120,000	120,000	25,000
Compensated Absences –Long Term [2]	–	–	–	7,629	10,883
Net OPEB Liability [2]	–	–	–	–	3,103
Net Pension Liability [2]	–	–	–	90,470	124,170
Prop 1B SCAQMD Unearned Grant Revenue [3]	–	–	–	28,208	–
Other Long-Term Liabilities	–	–	–	–	49,067
Total Long Term Obligations	$641,326	$671,722	$1,036,715	$1,209,848	$1,114,917
Total Liabilities	$823,180	$885,495	$1,226,321	$1,372,466	$1,286,849
Deferred Inflows	–	–	2,963	14,816	11,661
Total Liabilities and Deferred Inflows	$823,180	$885,495	$1,229,284	$1,387,282	$1,298,510
Net Position					
Invested in Capital Assets (Net of Related Debt)	$2,104,915	$2,848,456	$2,974,555	$3,077,224	$3,442,251
Restricted – Nonrelated-Party Debt Service Contingency and Matching Contribution from Federally Funded Projects	95,620	–	–	–	–
Restricted – Capital Projects	43,236	43,236	180,881	251,720	75,610
Restricted – Debt Service	18,681	18,418	17,938	13,754	13,961
Unrestricted	530,866	268,576	288,835	267,120	248,205
Total Net Position	$2,793,319	$3,178,686	$3,462,209	$3,609,818	$3,780,027
Total Liabilities and Net Position	$3,616,499	$4,064,181	$4,691,494	$4,997,100	$5,078,537

1 "Note 1(o) – Recent Accounting Pronouncements" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016."
2 Certain Governmental Accounting Board Standards Board statements, affecting accounting and financial reporting requirements, were implemented thereby affecting the manner in which the City reports its financial information.
3 In November 2006, State voters approved Proposition 1B ("Prop. 1B") which authorized the State to sell general obligation bonds to fund transportation projects. The Harbor Department, from time to time, is awarded grant funding under Prop. 1B.
Source: The Harbor Department's audited financial statements for Fiscal Years 2012-2016.

Financial Statements

The audited financial statements of the Harbor Department for the Fiscal Year ended September 30, 2016 (the "2016 Audited Financial Statements") are included as Appendix A attached hereto. The 2016 Audited Financial Statements were audited by KPMG LLP, Los Angeles, California, independent certified public accountants, whose report with respect thereto also appears in Appendix A hereto. The Harbor Department has not requested, nor did the Harbor Department obtain, permission from KPMG LLP to include the 2016 Audited Financial Statements as an appendix to this Official Statement. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix A hereto, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

Accounting and Annual Budget

The City's and the Harbor Department's Fiscal Year begins on October 1 and ends on the subsequent September 30. All accounting functions for the Harbor Department are computerized. The Harbor Department's practice of establishing separate operating accounts for each berth, special facility and leased property in the Port allows the Harbor Department to determine the relative profitability of every individual Port installation at any time. All operating records of the Harbor Department are, as provided by the Charter, audited annually by the City Auditor of the City of Long Beach as well as by an independent certified public accountant. See "—Financial Statements" above.

An annual operating budget is developed by Harbor Department staff and is reviewed and approved by the Board. In accordance with the terms of the Charter, the Harbor Department's budget is then submitted to the City Manager for inclusion in the City budget. The City Council must approve the City budget prior to the beginning of each Fiscal Year.

Retirement Programs

Pension Plan.

General. Salaries and benefits costs of the Harbor Department include funding of retirement benefits for employees of the Harbor Department who, as City employees, participate in the California Public Employees Retirement System ("CalPERS"). Retirement payments paid from Harbor Department revenues were \$6.7 million in Fiscal Year 2013, \$6.0 million in Fiscal Year 2014, \$6.7 million in Fiscal Year 2015, and \$8.1 million in Fiscal Year 2016. The Harbor Department estimates that the required contribution for Fiscal Year 2017 will be approximately \$10 million. Payments to CalPERS constitute Maintenance Costs of the Harbor Department.

For a variety of reasons, including investment losses, the City has experienced significant unfunded liabilities, and retirement costs payable with respect to all City employees, including employees of the Harbor Department, have increased in recent years. (The Harbor Department is allocated approximately 19.8% of the City's total CalPERS liability.) As of June 30, 2015, the City's "Miscellaneous Plan" with CalPERS (in which the Harbor Department employees participate) had an unfunded liability (with respect to all participating City employees, including employees assigned to the General Fund, the Harbor Department, and other enterprise funds) of approximately \$628.4 million (market value basis), which resulted in a funding ratio of 74.15% (market value basis).

In December 2016, the CalPERS Board lowered the actuarial assumption relating to the investment rate of return to be phased in over three years: for the fiscal year ending June 30, 2018 the rate will be 7.375%; for the fiscal year ending June 30, 2019 the rate will be 7.25%; and for the fiscal year ending June 30, 2020 the rate will be 7.00%. This is projected to result in increases in the City's (and the Harbor Department's) required contributions to CalPERS, and such increases could be significant. See "Note 11 – Retirement Program" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016" for additional information about the pension plan.

Changes to Pension Reporting. On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new standards are set forth in GASB Statements 67 and 68 and replaced GASB Statement 27 and most of GASB Statements 25 and 50. The changes impact the accounting treatment of pension plans in which state and local governments participate, including the City's pension plans. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were previously typically included as notes to the government's financial statements); (2) more components of full pension costs are shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns are recognized over a closed five-year smoothing period.

In addition, GASB Statement 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The reporting requirements for pension plans took effect for the fiscal year beginning mid-2013 and the reporting requirements for government employers will took effect for the fiscal year beginning mid-2014. The audited financial statements of the Harbor Department for Fiscal Year 2016 reflect implementation of the new GASB requirements, and resulted in the recognition of a net pension liability of the Harbor Department of approximately $124.2 million. See "Note 11 – Retirement Programs" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016" for a discussion of the impact of GASB 68.

Other Post-Employment Benefits. In addition to required contributions for retirement benefits for employees, the City pays certain post-employment health care and other non-pension benefits ("OPEB") for such employees. The City's OPEB expenses (for all employees of the City, including employees of the Harbor Department) were approximately $3.7 million in Fiscal Year 2016, and are expected to increase in the future. See "Note 11 – Retirement Program" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016" for additional information about the post-retirement health care benefits provided to the employees of the City).

Risk Management and Insurance

The Master Senior Resolution does not specify any minimum amount of insurance coverage. Instead, the Master Senior Resolution requires the Board to maintain insurance or qualified self-insurance on the Port as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Port. The Master Senior Resolution does not require the Board to carry insurance against losses due to seismic activity. The Harbor Department presently carries an all-risk property insurance program covering physical loss or damage by fire and other risks (excluding earthquake and flood) with a loss limit of $1.323 billion, and a deductible of $500,000 per occurrence. Coverage for property damage caused by foreign and domestic acts of sabotage and terrorism also is included in the all-risk property insurance program. Excluded from the terrorism coverage, among other things, is property damage caused by acts of sabotage and terrorism arising directly or indirectly from nuclear detonation and reaction, nuclear radiation, radioactive contamination or chemical release or exposure of any kind. Coverage for property damage caused by foreign and domestic acts of sabotage and terrorism is also subject to the federal Terrorism Risk Insurance Act, which limits the amount insurance providers are required to pay in the event of foreign and domestic acts of sabotage and terrorism. See also "CERTAIN INVESTMENT CONSIDERATIONS—Security at the Port."

The Harbor Department also carries a comprehensive excess liability insurance program in the amount of $150 million, in excess of $1 million of self-insurance carried by the Harbor Department, covering all of the Harbor Department's operations, including acts of sabotage and domestic and foreign acts of terrorism. Primary policies for liability and physical damage are in force covering the Harbor Department's fire and work boats and contractor type equipment. The Harbor Department has elected to self-insure the first $1 million of its auto liability exposure.

There can be no assurance as to the ability of an insurer to fulfill its obligations under any insurance policy and no assurance can be given as to the adequacy of such insurance to fund necessary repair or replacement of the damaged property. When renewing its insurance policies the Harbor Department makes no guarantee as to the ability to continue receiving the existing coverage or deductible amounts.

Port tenants are required to carry commercial general liability insurance coverage, including bodily injury and property damage liability, on the leased premises and to name the City, the Board and the officers and employees of the Harbor Department as additional insured parties. Risk of loss is also transferred from the Harbor Department through the use of insurance endorsements and indemnification provisions contained in the various lease documents.

To further mitigate the adverse effects of a business disruption, the Harbor Department has developed and implemented a business continuity plan. The plan responds to incidents that impact key facilities, personnel, systems, applications, and resources and is coordinated with key stakeholders and civil authorities.

Investment Policy

The Harbor Department's cash and investments, including restricted cash and investments, are pooled with the other City funds and maintained by the City Treasurer, except for the cash and investments that are held by U.S. Bank National Association, as trustee pursuant to the Sixth Supplemental Senior Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS—Funds Held by Third Parties." Interest income and gains and losses earned on pooled cash and investments are allocated monthly to the various pool participants based on their average daily cash balances. The Harbor Department is required by the Charter to participate in the City Treasurer's pool.

The City maintains an Investment Policy, which, pursuant to the provisions of Section 53646 of the California Government Code, is annually submitted to and reviewed by the Investment Committee of the City and approved by the City Council. Quarterly reports are also provided to the City Manager, City Auditor, and the City Council which detail investment activity and portfolio balances. In addition, the Investment Advisory Committee, comprised of the Deputy City Attorney, the Assistant City Auditor, the City Treasurer, the City Controller, Budget and Performance Management Bureau staff, and designated representatives of the Harbor Department and the Water Departments meets monthly, or as needed, with the City's investment advisor to review investment policies and strategies and to make recommendations consistent with approved investment policies.

The goal of the Investment Policy is to invest public funds in a prudent manner, maintaining maximum security, meeting the daily cash flow demand of the City and conforming to all State and local statutes governing the investment of public funds. The objectives of the Investment Policy are, in the following order of priority:

(a) Safety: safety of principal is the foremost objective of the investment program, however risk is inherent throughout the investment process. The City's investments shall be undertaken in a manner that seeks to maximize the preservation of capital in the overall portfolio and minimize the risk related to capital losses from institutional default, broker-dealer default, or erosion of market value.

(b) Liquidity: the City's investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.

(c) Yield: the City shall manage its funds to maximize the return on investments consistent with the two primary objectives of safety and liquidity. The investment goals are to maximize interest income through the prudent implementation of the Investment Policy and developed guidelines. The City has established three benchmark measures for the pool funds portfolio: the three month U.S. Treasury Bill rate for the short maturity portfolios, the 1-year Constant Maturity Treasury index or equivalent index whose duration is equal to one year for the intermediate term portfolios, and the Merrill Lynch AAA U.S. Treasury/Agency 1-5 year Index for the long maturity portfolios.

The City's investment alternatives are specified in the California Government Code, Sections 53600 et seq. Within this framework, the Investment Policy specifies authorized investments, subject to certain limitations.

According to the City Treasurer's Monthly Report for the quarter ending March 31, 2017, the City's invested funds totaled approximately $1.5 billion (of which approximately $432.4 million consisted of Harbor Department moneys). The City's investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. As of March 31, 2017, the City's investment portfolio consisted of U.S. Treasury Notes (12.46%), U.S. Agency Notes (60.50%), the State of California Local Agency Investment Pool (12.30%), and certain other types of securities (14.74%).

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

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

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

Source: The City

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2017 Senior Bonds involve investment risk and may not be suitable for all investors. Prospective purchasers of the Series 2017 Senior Bonds are urged to read this Official Statement, including all Appendices, in its entirety. The factors set forth below, among others, may affect the security of the Series 2017 Senior Bonds. However, the following does not purport to be an exhaustive listing of all considerations which may be relevant to investing in the Series 2017 Senior Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations.

Ability To Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR REVENUE BONDS—Rate Covenant," the Master Senior Resolution provides that the City, acting by and through the Board, prescribe, revise and collect such charges, rentals, compensation or fees required to be paid for services, franchises, leases or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for operation upon lands and waters under the control and management of the Board, which, after making allowances for contingencies and error in the estimates, produce Revenues in each Fiscal Year equal to 1.25 times Maximum Annual Debt Service on the Senior Bonds.

In California, marine terminal services and facilities are priced through leases, and preferential, management and user agreements with water carriers and/or terminal operators. These arrangements generally provide for economic discounts from established tariffs in exchange for term commitments and/or minimum payment guarantees. A substantial majority of the Harbor Department's maritime revenues are generated by such agreements. As payments under those agreements are usually based on current tariff rates, the Harbor Department can generally increase its revenues under those agreements either by increasing its tariff rates or through increases in shipping line volume. However, there are contractual, statutory, regulatory, practical, procedural and competitive limitations on the extent to which the Harbor Department can increase tariffs. Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Port could have a detrimental impact on the operation of the Port by making the cost of operating at the Port unattractive to shipping lines and others in comparison to other locations, or by reducing the operating efficiency of the Port. See "THE PORT OF LONG BEACH—Property Agreements" above and "—Port Competition" below.

Factors Affecting Demand for Port Facilities

The demand for Port facilities and the Revenues of the Harbor Department are significantly influenced by a variety of factors, including, among others, global and domestic economic and political conditions, governmental regulation (including tariffs and trade restrictions), fuel prices, construction activity, currency values, international trade, availability and cost of labor, vessels, containers and insurance, the efficiency and adequacy of transportation and terminal infrastructure at the Port, the adequacy and location of major distribution hubs, the financial condition of maritime related industries, the proliferation of operational alliances and other structural conditions affecting maritime carriers. See "—Alliances and Consolidation of Container Shipping Industry" below.

Recently, one of the largest factors affecting demand at the Port was Hanjin's filing for bankruptcy protection in August 2016, and its ultimate sale of its interest in Total Terminals. As discussed above under "THE PORT OF LONG BEACH—Operating Performance—Leading Revenue Producers—Hanjin Bankruptcy", as a direct result of the Hanjin bankruptcy proceedings, between September 1, 2016 and December 31, 2016, cargo throughput at the Pier T Container Terminal decreased by 36.9%, and cargo throughput at the entire Port decreased by 7.7%. Between January 1, 2017 and April 30, 2017, cargo throughput at the Pier T Container Terminal began to recover but continued to be significantly down compared to the same period in 2016 (a decrease of 28.7%). However, cargo throughput at the entire Port increased 5.1% compared in the first seven months of Fiscal Year 2017 as compared to the same period in Fiscal Year 2016. Additionally, although revenue from the Pier T Container Terminal was down 29.2% for the first seven months of Fiscal Year 2017 as compared to the same period in Fiscal Year 2016 and total container terminal revenue was down 1.3% year-over-year, total operating revenue for the entire Port was higher by $1.3 million (0.6%) for the first seven months of Fiscal Year 2017 as compared to the same period in Fiscal Year 2016.

In the past, most recently being in late 2014 and early 2015, another factor affecting demand at the Port (and the Port of Los Angeles) has been congestion which has been caused by, among other things, ocean carriers divesting chassis ownership, shipping alliances and consolidation of the container ship industry, prolonged labor contract negotiation, and large volume ships straining marine terminal operating methods. Between October 2014 and March 2015, cargo throughput at the San Pedro Bay Ports decreased by 1.8% as compared to the period between October 2013 and March 2014. The Harbor Department cannot predict if congestion again will result in decreased demand of the Port's facilities.

Marine terminals continue to adjust to the deployment of mega vessels, defined as vessels with a TEU capacity of 10,000 or more. The Port is one of few ports nationwide that has the physical infrastructure to handle the so-called "big ships". At 76 feet, the Port has one of the deepest harbors of any seaport in the world. Five years ago, the average size vessel calling at the Port carried 8,000 TEUs. Today, vessels carrying up 13,000 TEUs call regularly and larger vessels are expected to arrive in the coming years as Middle Harbor reaches full development.

The San Pedro Bay Ports complex is the focal point for roughly 20 weekly vessel calls from East Asian ports, more than any other port complex in North America. The frequency of these vessel calls provides the Ports with operating flexibility and capacity. The Port offers features that extend beyond the piers, docks and waterways, in that Port tenants are serviced by the Union Pacific and BNSF Railways with over 60 weekly on-dock rail departures from Long Beach linking to an extensive network of rail connections. Additionally, southern California has the largest collection of logistics facilities in the nation, with approximately 900 million square feet of warehouses and distribution centers.

Port Competition

The Revenues of the Harbor Department may be adversely impacted by increasing competition from other port facilities; however the Harbor Department cannot predict the scope of any such impact at this time. In addition, the imposition of fees that apply only to the Port or to a group of ports that includes the Port, may increase the cost to ocean carriers of utilizing the Port and may ultimately result in those ocean carriers using competing port facilities. The Harbor Department may reduce the tariffs or other charges applicable to its ocean carriers to moderate some or all of the potential impact, which in turn would reduce Revenues. See "—Factors Affecting Demand for Port Facilities" above.

There is significant competition for container traffic among North American ports. Success depends largely on the size of the local market and the efficiency of the port and inland transportation systems for non-local destinations. According to the American Association of Port Authorities, for the calendar year ended December 31, 2016, the top nine container ports in the nation in terms of container cargo were: (1) Port of Los Angeles (8.9 million TEUs), (2) Port of Long Beach (6.8 million TEUs), (3) Ports of New York and New Jersey (6.3 million TEUs), (4) Port of Savannah (3.6 million TEUs); (5) The Northwest Seaport Alliance (Ports of Seattle and Tacoma) (3.6 million TEUs), (6) Port of Norfolk (2.7 million TEUs), (7) Port of Oakland (2.4 million TEUs), (8) Port of Houston (2.2 million TEUs), and (9) Port of Charleston (2.0 million TEUs).

Primary competition for the Port comes from the U.S. West Coast Ports of Los Angeles, Oakland, Seattle and Tacoma and the Canadian Ports of Vancouver and Prince Rupert. All-water service from Asia to the Gulf of Mexico and East Coast ports through the Panama Canal and through the Suez Canal also compete for the same cargoes. Improvements completed in 2016 to the Panama Canal will allow larger ships to traverse the canal and some diversion of Asian imports from West Coast ports to the U.S. East and Gulf Coast ports may increase. In addition, there may be longer-term competition from the West Coast ports of Mexico. All of these ports compete with the Port for discretionary intermodal cargo destined for locations in the Central and Eastern United States and Canada. Currently, this discretionary cargo moves eastward primarily by rail, after being off-loaded at West Coast ports in the United States and Canada. Discretionary cargo is highly elastic and is controlled largely by cargo owners and/or ocean carriers who can direct and redirect cargo to any port they choose. Currently, approximately 65% of the cargo handled by the Port is discretionary cargo. Each port has various competitive advantages and disadvantages in attracting this cargo, but overall cost is the primary factor in routing decisions. The greatest risk to the Port's market share is with the intermodal discretionary cargo segment. Reduced market share ultimately could impact revenue for the Harbor Department. See "THE PORT OF LONG BEACH—Stevedoring and Cargo Handling."

Southern California. The Port and the Port of Los Angeles compete for cargo that "naturally" moves through Southern California. Such cargo includes both local cargo (e.g., cargo consumed within the locally defined region) and cargo that is routed through Southern California for other reasons (e.g., superior inland distribution capability). The population base in Southern California has been a key driving force for the growth of container cargo moving through the San Pedro Bay Ports. The roughly 18 million people living in Southern California are a lucrative market for imported goods which cargo owners and ocean carriers need to service directly. The development of large efficient container terminals and connections to intermodal rail links benefit the carriers and cargo owners due to the economies of scale at the San Pedro Bay Ports. Most container services calling on the West Coast include stops in Southern California and of these stops, a majority utilize the San Pedro Bay Ports as their first port of call and primary intermodal gateway. Over the past ten calendar years, total container throughput at the San Pedro Bay Ports decreased slightly from approximately 15.7 million TEUs in 2007 to approximately 15.6 million TEUs in 2016. Container throughput at the San Pedro Bay Ports reached its second highest historical total in 2007, right before the start of the recession in 2008. Over the last five years, as the economy recovered from the recession, total container throughput at the San Pedro Bay Ports increased by 10.7% from approximately 14.1 million TEUs in 2012 to approximately 15.6 million TEUs in 2016. The San Pedro Bay Ports' share of total West Coast TEU throughput was approximately 61.8% in 2016.

The Port of Los Angeles is effectively the Port's only competition for the local market areas of Southern California, Arizona, New Mexico, Southern Nevada and Utah because of its proximity to the Port and shared inland infrastructure. Other Southern California ports, such as San Diego and Hueneme, account for a very small percentage of total West Coast cargo volume and are not expected to increase their market shares significantly in the foreseeable future. The Port of Los Angeles was the number one container port in the nation during calendar year 2016, moving approximately 8.9 million TEUs, as compared to the Port (the second busiest container port in the nation) which moved approximately 6.8 million TEUs. For calendar year 2016, the Port's share of total West Coast containerized cargo was approximately 26.8% as compared to approximately 35.0% for the Port of Los Angeles.

Oakland. The Port of Oakland is the primary container port for the San Francisco Bay Area. Although the Port of San Francisco has cargo handling facilities, its primary focus is waterfront commercial real estate. Therefore, the Port of Oakland dominates container traffic through Northern California. The Port of Oakland handled approximately 2.3 million TEUs in calendar year 2015, accounting for approximately 9.1% of the West Coast container market. In calendar year 2016, the Port of Oakland handled approximately 2.4 million TEUs, and its share of the West Coast container market was approximately 9.4%.

Pacific Northwest. Despite the relatively small population base of western Washington, the Ports of Seattle and Tacoma have some advantages over other ports. Located on Puget Sound, the Ports of Seattle and Tacoma enjoy naturally deep harbors and are one day's sailing time closer to the ports in the Pacific Rim countries than the Port. Unlike the Port, the Ports of Seattle and Tacoma are subsidized by general property tax revenues, which allow them to price their marine terminal facilities below the Port's. The Ports of Seattle and Tacoma handled approximately 3.5 million TEUs in calendar year 2015, and together accounted for a total of approximately 14.1% of the West Coast container market. The Ports of Seattle and Tacoma handled approximately 3.6 million TEUs, in calendar year 2016, and together accounted for a total of approximately 14.3% of the West Coast container market.

On December 1, 2014 the Ports of Tacoma and Seattle announced the formation of The Northwest Seaport Alliance to unify management at the two ports' marine cargo terminals and collaborate on business objectives, strategic maritime investments, financial returns, performance metrics, organizational structure and communications and public engagement.

The development of additional container handling capacity at Port Metro Vancouver ("PMV"), which was formed by the merger of the Ports of Vancouver, Fraser River and North Fraser River, has added a competitive threat to the Puget Sound ports and provides an alternative gateway for some U.S. intermodal cargo. Like the Ports of Seattle and Tacoma, PMV is one day's sailing time closer to the ports in the Pacific Rim countries than the Port. In January 2010, PMV opened a third berth at Deltaport, which increased PMV's capacity by up to 600,000 TEUs and added 50 acres of container storage facilities to the existing two berth container terminal (210 acres after expansion). In addition, PMV is planning the Robert Banks Terminal 2 Project at Deltaport, which will add a new, three-berth container facility with 200 acres of upland container terminal. PMV handled approximately 3.1 million TEUs in calendar year 2015, accounting for approximately 12.2% of the West Coast container market. PMV handled approximately 2.9 million TEUs in calendar year 2016, accounting for approximately 11.6% of the West Coast container market.

All-Water Routes. The use of all-water routes to the East and Gulf Coasts of the U.S. is an alternative to Asian intermodal cargo moving through United States West Coast ports. Demand for these all-water services increased substantially following the 2002 labor problems that occurred on the West Coast. The primary appeal of the all-water routes is the expected reliability of the services (e.g., the lack of perceived labor shortages or stoppages). Historically, constraints to all-water routes included lack of channel depth at many Gulf and East Coast ports compared to West Coast ports as well as the vessel size limitations of the Panama Canal. The latter constraint was by an expansion of the Panama Canal, the completion of which occurred in 2016 and will allow larger vessels to navigate the isthmus in order to reach Gulf and East Coast ports. However, increased Panama Canal fees may impact routing decisions in the long-term, and newly delivered container ships and those in design or on order will not fit the newly expanded Panama Canal. The competitive landscape also includes plans now in the works for many ports to increase channel depth and remove other physical obstacles which prevent the calling of "big ships," and enhancing operational efficiency, through the purchase and use of new equipment and automation, as well as augmenting transportation infrastructure.

Alliances and Consolidation of Container Shipping Industry

As illustrated by the recent bankruptcy of Hanjin, since 2007, the financial health of the container-shipping industry has been under substantial stress because of numerous factors, including, among others, the world financial crisis which occurred between 2008 and 2009, overcapacity of available ships, decreasing freight rates and volatile fuel costs. In response to these challenges, the container-shipping industry has seen the forming of strategic alliances and the merger of certain shipping lines. As of the date of this Official Statement, there are three main shipping alliances, 2M, THE Alliance and Ocean Alliance. In 2014, Maersk and Mediterranean Shipping Company established the "2M Alliance," which according to Maersk, is a 10-year pact for Asia-Europe, trans-Atlantic and trans-Pacific routes, and covers 185 ships. Recently, Hyundai Merchant Marine Shipping became a partner in 2M through a strategic cooperation agreement. "THE Alliance," established in 2016, consists of NYK Line, MOL, "K" Line, Yang Ming, and Hapag-Lloyd. According to THE Alliance, the pact will be for five years and will include Asia-Europe, Asia-Mediterranean, trans-Pacific to United States West Coast and East Coast ports, trans-Atlantic and Asia-Middle East routes, and covers 240 ships. "Ocean Alliance," established in 2016 consists of CMA CGM, Evergreen, OOCL and COSCO. According to Ocean Alliance, the pact will be for ten years and will include Asia-Europe, Asia-Mediterranean, trans-Pacific to United States West Coast and East Coast ports, trans-Atlantic, Asia-Red Sea and Asia-Middle East routes, and covers 323 ships. According to IHS Markit/PIERS, these three alliances shipped over 85% of all imports from Asia to the United States during calendar year 2016. Many of the container-shipping lines that are part of 2M, THE Alliance and Ocean Alliance operate at the Port. In addition to the alliances described above, numerous shipping lines have merged in the past five years. Additional alliances and mergers could occur in the future. Although, at this time, the Harbor Department cannot predict what effect 2M, THE Alliance and Ocean Alliance will have on container traffic at the Port or the Revenues of the Harbor Department, alliances and consolidation in the container-shipping industry could impact container traffic at the Port and affect Revenues.

Factors Affecting 2017-26 Capital Plan

The ability of the Harbor Department to complete the projects in the 2017-26 Capital Plan may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) changes to the scope of the projects, including changes to federal security regulations; (d) delays in contract awards; (e) material and/or labor shortages; (f) unforeseen site conditions; (g) adverse weather conditions and other force majeure events, such as earthquakes; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation; (k) environmental issues; and (l) unavailability of, or delays in, anticipated funding sources. The Harbor Department can provide no assurance that the existing projects in the 2017-26 Capital Plan will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to incur additional indebtedness.

Unavailability of, or Delays in, Anticipated Funding Sources

As described herein, the Harbor Department anticipates that funding for the 2017-26 Capital Plan will be provided through proceeds of Senior Bonds and Subordinate Obligations, revenues of the Harbor Department, federal and State grants and other sources. See "CAPITAL DEVELOPMENT PROGRAM" for a description of the financing plan for the 2017-26 Capital Plan. In the event that any of such sources are unavailable for any reason, including unavailability of revenues of the Harbor Department, reduction in the amount or delays in the receipt of federal and State grants available to the Harbor Department or any other reason, the completion of the 2017-26 Capital Plan could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed

As of the date of this Official Statement, the Harbor Department is reviewing several options to pay the principal of the Series 2014C Senior Notes on November 15, 2018, including, among other options, drawing down the proceeds of the Subordinate TIFIA Loan and/or issuing additional Senior Bonds and/or additional Subordinate Obligations. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan)—Subordinate TIFIA Loan" and "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project." In the event the conditions to disbursement of the Subordinate TIFIA Loan cannot be satisfied on or before the maturity date of the Series 2014C Senior Notes (November 15, 2018) or the Harbor Department decides that drawing down proceeds from the Subordinate TIFIA Loan is not in its best interest (financial or otherwise), the Harbor Department will be required to use an alternate method of repaying the Series 2014C Senior Notes, which could include issuing additional Senior Bonds and/or additional Subordinate Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS—Additional Senior Bonds." However, no assurances can be given that the City, acting by and through the Board, will be able to access the capital markets in the event proceeds are not disbursed under the Subordinate TIFIA Loan.

Future Executive Orders and Federal Laws and Regulations

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

While enforcement of potential executive orders, laws or regulations could impose additional financial burdens upon the Harbor Department and/or the tenants of the Port, as of the date of this Official Statement, insufficient information is available regarding potential Federal action to estimate the magnitude, if any, of such potential impacts.

Security at the Port

As a result of the terrorists attacks of September 11, 2001, the Maritime Transportation Security Act of 2002 ("MTSA") was signed into law on November 25, 2002 to require sectors of the maritime industry to implement measures designed to protect the ports and waterways of the U.S. from a terrorist attack. MTSA requires interagency teamwork within the Department of Homeland Security, including, the U.S. Coast Guard, the Transportation Security Administration (the "TSA") and the Bureau of Customs and Border Protection, and the Department of Transportation's Maritime Administration to develop security regulations. The security regulations focus on those sectors of maritime industry that have a higher risk of involvement in a transportation security incident, including various tank vessels, barges, large passenger vessels, cargo vessels, towing vessels, offshore oil and gas platforms, and port facilities that handle certain kinds of dangerous cargo or service the vessels listed above. Such regulations were implemented on July 1, 2003, and final rules became effective in November 2003. The regulations provide for port and vessel owners and operators to assess their vulnerabilities, and to then develop plans that may include implementing vehicle, container and baggage screening procedures, designating security patrols, establishing restricted areas, implementing personnel identification procedures, accessing control measures, and/or installing surveillance equipment. The Harbor Department and each of its applicable tenants have in place procedures for complying with MTSA.

To comply with MTSA regulations and based on the Harbor Department's own initiatives, the Harbor Department is implementing certain security measures. The Harbor Department has installed and implemented a video camera surveillance system to monitor activities throughout the Port complex. To address waterside threats, the Harbor Department has installed radar and sonar detection systems and has agreements with the Long Beach Police Department to provide 24/7 "on water" patrol capability. The Harbor Department is working with marine terminal operators and other stakeholders within and outside the Port to share video camera feeds, thereby enhancing overall regional security monitoring capabilities. The Harbor Department has installed tools to assist in emergencies, including programmable highway signs, an AM radio station, an automated emergency notification system, and an encrypted radio system to provide secure communications with tenants and emergency services. The Harbor Department continues to support efforts by the TSA to implement a transportation workers identification card. The Harbor Department has improved and continues to enhance physical security throughout the Port complex by installing security fencing, lighting, barriers and access control systems. These improvements are being applied to all infrastructure above and below ground. Radiation portal monitors have been installed at all of the container terminals, which are managed by the U.S. Customs & Border Protection. All containers originating at foreign ports will be tested for the presence of radioactive materials when leaving the Port.

In February 2009, the Harbor Department opened the Joint Command & Control Center which serves as the Harbor Department Security Division and Port Police Division headquarters and functions as a multi-agency incident command post, housing approximately 120 personnel (which is triple the level of staffing on September 11, 2001). The Command and Control Center functions as a "maritime domain awareness center" and combines and displays all the surveillance, detection and monitoring data from throughout the Port; this data is shared and communicated with facility security personnel and law enforcement agencies that protect the harbor complex. In addition, the Harbor Department is working closely with local, regional, and state agencies to develop a geo-spatial software platform that will interconnect these agencies and provide a common operational picture of the region's maritime domain to support daily security functions, incident response, and recovery operations. The Command and Control Center also is the home to the Maritime Coordination Center, which coordinates the response to offshore illicit activities for over 70 different maritime law enforcement entities along 320 miles of California coastline. The Harbor Department has significantly increased its budgeted security operating costs since

2002. Security Division operating expenses as well as service agreements with City of Long Beach Fire and Police Departments have increased from $15.6 million in 2008 to $26.4 million in 2017.

There can be no assurance that MTSA requirements will not become more strict or that additional requirements may require the Harbor Department to incur additional security-related expenses.

National and local law enforcement officials have warned that additional terrorist attacks upon key infrastructure and other targets in the United States are possible. The Port and the surrounding waterways are particularly visible infrastructure assets that could be the subject of future attempted terrorist attacks. A shutdown of the Port complex could have a significant impact on the U.S. economy. A terrorist attack on the Port or the surrounding waterways or an attack somewhere else in the country or the world could have a material adverse effect on the collection of Revenues at the Port. See "FINANCIAL DATA—Risk Management and Insurance."

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operations of the Port. The Harbor Department and the tenants at the Port collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to industry operations.

The Harbor Department approaches cybersecurity through a multi-threaded approach to ensure a layered defense. The Cyber Program Management ("CPM") framework utilized by the Harbor Department aligns with industry standards and regulations (focusing on National Institute of Standards and Technology Special Publication 800-53 (a publication that recommends security controls for federal information systems and organizations and documents security controls for all federal information systems, except those designed for national security)) and enables it to continually assess and improve its cybersecurity program. The Harbor Department routinely utilizes respected and objective third-party consultants to perform risk assessments of its cybersecurity programs. The CPM framework is used to assess the people, process and technology components. Additionally, the Harbor Department regularly consults with the United States Coast Guard, the Federal Bureau of Investigation, and the Center for Internet Security to benchmark its practices and stay abreast of emerging threats.

Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the commercial operations of industries including the operations at the Port, which could ultimately adversely affect Harbor Department revenues.

Environmental Compliance and Impacts

Future environmental laws, regulations, enforcement priorities and standards and judicial decisions may impact the Harbor Department and the Port and the ability to construct and develop new revenue-generating facilities at the Port. Such impacts could be material and could result in significantly delays. See "THE PORT OF LONG BEACH—Environmental Compliance."

In addition to the laws and regulations enacted and adopted by governmental entities, certain individuals and organizations could seek additional legal remedies to require the Harbor Department to take further actions to mitigate health hazards or seek damages from the Harbor Department in connection with the environmental impact of its maritime activities. Any actions taken by these individuals and organizations could be costly to defend, could result in substantial damage awards against the Harbor Department or could significantly delay or limit the Harbor Department's plans to construct and develop new revenue-generating facilities at the Port.

In May 2009, the California Climate Change Center released a final paper entitled "The Impacts of Sea-Level Rise on the California Coast" that was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation, and the California Ocean Protection Council. The paper posits that increases in sea level will be a significant impact of climate change over the next century and that future flood risk with sea-level rise could be significant at California's major ports, including the Port. While noting that, among other things, sea-level rise can reduce bridge clearance, reduce efficiency of port operations or flood transportation corridors to and from ports, the report states that impacts are highly site-specific and somewhat speculative. The Harbor Department is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2017 Senior Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Seismic Risks

The Port is located in an area considered to be seismically active. The two faults closest to the Port are the Palos Verdes fault and the Newport-Inglewood fault. More distant faults with a history of causing earthquakes and damage include the San Andreas and San Jacinto faults. A significant earthquake is possible during the period the Series 2017 Senior Bonds will be outstanding. Since 1975, the Harbor Department has designed wharves and other major facilities to withstand the effects of a 8.0 Richter Scale earthquake on the San Andreas fault and a 7.5 Richter Scale earthquake on either the Newport-Inglewood fault or the Palos Verdes fault.

In March 2015, the Uniform California Earthquake Rupture Forecast (the "2015 Earthquake Forecast") was issued by the Working Group on California Earthquake Probabilities. Organizations sponsoring the Working Group on California Earthquake Probabilities include the U.S. Geological Survey, the California Geological Survey, the Southern California Earthquake Center and the California Earthquake Authority. According to the 2015 Earthquake Forecast, the probability of a magnitude 6.7 or larger earthquake over the next 30 years (from 2014) striking the greater Los Angeles area is 60%. From the Uniform California Earthquake Rupture Forecast published in April 2008 (the "2008 Earthquake Forecast"), the estimated rate of earthquakes around magnitude 6.7 or larger decreased by about 30%. However, the estimate for the likelihood that California will experience a magnitude 8.0 or larger earthquake in the next 30 years (from 2014) increased from about 4.7% in the 2008 Earthquake Forecast to about 7.0% in the 2015 Earthquake Forecast. The 2015 Earthquake Forecast considered more than 250,000 different fault-based earthquakes, including multifault ruptures, whereas the 2008 Earthquake Forecast considered approximately 10,000 different fault-based earthquakes.

The Port could sustain extensive damage to its facilities in a major seismic event from ground motion and liquefaction of underlying soils, which damage could include slope failures along the shoreline, damage to streets, bridges and rail facilities, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, failure of bulkhead walls, and rupture of gas and fuel lines. A major seismic event in Southern California, or elsewhere in the world, also could result in the creation of a tsunami that could cause flooding and other damage to the Port. Damage to Port facilities as a result of a seismic event could materially adversely affect Revenues. Additionally, damage to Long Beach/Los Angeles area infrastructure outside of the Port, such as bridges, streets and freeways, public transportation and rail lines could materially adversely affect access to and from the Port, which in turn could materially adversely affect Revenues.

Neither the City nor the Harbor Department maintains insurance against earthquake damage because of the high costs of premiums and the low levels of coverage currently available. To date, no earthquakes have caused structural damage to Port facilities. See "FINANCIAL DATA—Risk Management and Insurance."

Termination or Expiration of Property Agreements

The City, acting by and through the Board, has agreements with approximately 325 different entities (approximately over 85% of which are with private companies). Over the last five Fiscal Years, property agreements covering waterfront property and facilities have generated in excess of 95% of the Harbor Department's operating revenues, with the largest single customer accounting for approximately 22% of the Harbor Department's operating revenues in Fiscal Year 2016. Under these agreements, the City, by and through the Board, assigns or leases property and facilities to terminal operators for terms of up to 40 years. The property agreements with the Port's current top ten revenue producers have expiration dates ranging from 2017 to 2051, with nine of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2034.

Should a significant number of the parties to the property agreements default on their obligation, terminate their relationships with the Harbor Department or fail to renew their agreements upon expiration, the amount of Revenues realized by the Harbor Department could be materially impaired and this could have an adverse impact on the Harbor Department's ability to pay debt service on the Series 2017 Senior Bonds. See "THE PORT OF LONG BEACH—Property Agreements."

Impact of Labor Negotiations

Protracted negotiations in 2014 and 2015 between the ILWU and the Association, although not involving any employees of the Harbor Department, had a compounding effect on congestion issues that had slowed down container cargo movement through San Pedro Bay Ports from September 2014 through February 2015. The Association and the ILWU reached a tentative agreement on February 20, 2015 which was approved by ILWU delegates on May 22, 2015. Harbor Department revenues were temporarily impacted in January and February 2015 as a result of the protracted negotiations and other congestion factors. The Harbor Department cannot predict with any certainty the extent to which any future failure of the ILWU and the Association to reach contractual agreements may lead to future work slowdowns or work stoppages. Such negotiations, slowdowns or work stoppages could have a material adverse impact on Revenues. See "THE PORT OF LONG BEACH—Stevedoring and Cargo Handling."

Effect of Tenant Bankruptcy

A bankruptcy of a tenant of the Port could result in delays and/or reductions in payments to the Harbor Department which could affect the Harbor Department's ability to pay debt service on the Senior Bonds (including the Series 2017 Senior Bonds) and Subordinate Obligations.

A tenant that has executed a preferential assignment agreement, lease or other executory contract with the Board and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its preferential assignment agreement or lease within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed, and further extensions are allowed with the consent of the Board), and (b) its other executory contracts with the Board prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the tenant would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable preferential assignment agreement, lease or other agreements.

Rejection of a preferential assignment agreement, lease or other agreement or executory contract will give rise to an unsecured claim of the Harbor Department for damages, the amount of which in the case of a preferential assignment agreement or lease is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a preferential assignment agreement or lease could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code.

In addition, payments made by a tenant in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy.

During the pendency of a bankruptcy proceeding, a debtor tenant may not, absent a court order, make any payments to the Harbor Department on account of goods and services provided prior to the bankruptcy. Thus, the Harbor Department's stream of payments from a debtor tenant would be interrupted to the extent of pre-petition goods and services, including accrued tariffs and rents.

In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Board may not be able to enforce any of its remedies under the agreements with a bankrupt tenant.

With respect to a tenant in bankruptcy proceedings in a foreign country, the Board is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Should a significant number of the parties to the major revenue producing property agreements file for bankruptcy protection, Revenues received by the Harbor Department could be materially adversely impacted and this could have an adverse impact on the Harbor Department's ability to pay debt service on the Series 2017 Senior Bonds. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payments on the Series 2017 Senior Bonds. Regardless of any specific adverse determinations in a tenant bankruptcy proceeding, the fact of a tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2017 Senior Bonds.

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

Effect of City Bankruptcy

The City is able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Should the City become the debtor in a bankruptcy case, the holders of the Series 2017 Senior Bonds will not have a lien on Revenues received by the City after the commencement of the bankruptcy case unless the bankruptcy court determines that Revenues constitute "special revenues" within the meaning of the United States Bankruptcy Code. "Special revenues" are defined to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor. While the Board believes that Revenues should be treated as "special revenues," no assurance can be given that a bankruptcy court would not find otherwise. If Revenues are not "special revenues," there could be delays or reductions in payments on the Series 2017 Senior Bonds. Even if a court determines that Revenues are not "special revenues," the Harbor Department will be able to use Revenues to pay operation and maintenance costs of the Port, notwithstanding any provision of the Senior Resolution or any other agreement to the contrary.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2017 Senior Bonds. The Board cannot predict what types of orders and/or relief may be granted by a bankruptcy court that could have a material adverse effect on the Harbor Department's receipt or application of Revenues. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding or of City financial difficulties could have an adverse effect on the liquidity and market value of the Series 2017 Senior Bonds.

Remedies Upon Default

If an event of default occurs under the Senior Resolution, the bondholders are not permitted to accelerate the payment of the principal of and interest on the Senior Bonds (including the Series 2017 Senior Bonds), and, therefore, the bondholders may be required to make a separate claim for each semiannual payment not paid. However, as discussed above under "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan), the Subordinate Revolving Obligations Credit Agreement and the Subordinate TIFIA Loan Agreement permit the Subordinate Revolving Obligations Bank and the TIFIA Lender, respectively, to accelerate payments due the Subordinate Revolving Obligations Bank and the TIFIA Lender upon the occurrence of certain events of default set forth in each of the Subordinate Revolving Obligations Credit Agreement and the Subordinate TIFIA Loan Agreement.

Pension and Post-Retirement Benefits

As described in "FINANCIAL DATA—Retirement Programs," eligible employees of the Harbor Department participate with the City in a pension plan administered by CalPERS. The Harbor Department anticipates that the City's (and the Harbor Department's) required contribution rate will continue to increase in amounts that may or may not be material, depending on a variety of actuarial factors, and which the Harbor Department cannot predict with any certainty.

No Reserve Fund Established for Series 2017 Senior Bonds; Reserve Funds Established for Certain Existing Senior Bonds Not Available for Series 2017 Senior Bonds

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

At the time of issuance of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds, the Board established separate reserve funds for each series of these Senior Bonds. Each of these reserve funds only secures the Senior Bonds for which they were established. The Series 2017 Senior Bonds will not be secured by the reserve funds established and maintained for these Senior Bonds. The reserve funds established and maintained for the Series 1998A

Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds, respectively, are funded with cash and investments.

Potential Limitation of Tax Exemption of Interest on Series 2017 Senior Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2017 Senior Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2017 Senior Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2017 Senior Bonds. Prospective purchasers of the Series 2017 Senior Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Changes in Federal and State Tax Law."

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result", "may", "are expected to," "will continue," "is anticipated," "intend" or other similar words or expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including carriers, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City, the Harbor Department and the Board. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

LITIGATION

No Litigation Relating to the Series 2017 Senior Bonds

There is no controversy of any nature now pending against the City or the Board or to the knowledge of officers of the City or members of the Board threatened, seeking to restrain or enjoin the sale, issuance or delivery of the Series 2017 Senior Bonds or in any way contesting or affecting the validity of the Series 2017 Senior Bonds or any proceedings of the City or the Board taken with respect to the issuance or sale thereof, or the pledge or application of the Revenues, and any other moneys or securities provided for the payment of the Series 2017 Senior Bonds or the use of the Series 2017 Senior Bond proceeds.

Litigation Relating to the Harbor Department and the Port

General. From time to time, the Harbor Department is a party to litigation and is subject to claims arising out of its normal course of business and its tenants' operations. In actions brought against the Harbor Department's tenants whereby the Harbor Department is also named as a party to the action, the Harbor Department usually requires the tenant to defend and indemnify the Harbor Department. Additionally, on the advice of counsel, the Harbor Department generally establishes reserves against such lawsuits and claims that are deemed to have merit. The Harbor Department has reserved $8.6 million to cover outstanding litigation claims. At this time, the management of the Harbor Department is of the opinion that if any lawsuits and claims, pursuant to which the Harbor Department is currently a named party, are concluded adversely to the Harbor Department, they will not have material adverse effect on the Harbor Department's financial condition.

Fireboat Litigation. On October 27, 2017, the City, acting by and through the Board, filed a complaint in the Superior Court of California, County of Los Angeles, against Foss Maritime Company ("Foss"), for, among other things, breach of contract in connection with the late construction and delivery of two new fireboats to be used at the Port. See "CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Fire Safety Projects." The Harbor Department is seeking liquidated damages of approximately $10.2 million. Foss subsequently filed a cross-complaint against the Harbor Department for $26.1 million seeking damages relating to the first fireboat, which the Harbor Department expects will be amended to include damages Foss attributes to the late delivery of the second fireboat. As of the date of this Official Statement, the Harbor Department cannot predict the ultimate outcome of this litigation

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017 Senior Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2017A/B Senior Bond for any period during which such Series 2017A/B Senior Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2017A/B Senior Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Series 2017A/B Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2017C Senior Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the City, acting by and through the Board, with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2017 Senior Bonds. Failure to comply with such requirements could cause interest on the Series 2017 Senior Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Senior Bonds. The City, acting by and through the Board, will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2017 Senior Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2017C Senior Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, such interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that interest on the Series 2017 Senior Bonds is exempt from present State of California personal income taxes.

Special Considerations With Respect to the Series 2017 Senior Bonds

The accrual or receipt of interest on the Series 2017 Senior Bonds may otherwise affect the federal income tax liability of the owners of the Series 2017 Senior Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2017 Senior Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2017 Senior Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2017 Senior Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2017 Senior Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2017 Senior Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017 Senior Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2017 Senior Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017 Senior Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2017 Senior Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Series 2017 Senior Bonds are being sold at a premium. An amount equal to the excess of the issue price of a Series 2017 Senior Bond over its stated redemption price at maturity constitutes premium on such Series 2017 Senior Bond. An initial purchaser of a Series 2017 Senior Bond must amortize any premium over such Series 2017 Senior Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Series 2017 Senior Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Series 2017 Senior Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2017 Senior Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Series 2017 Senior Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Series 2017 Senior Bond.

LEGAL MATTERS

The validity of the Series 2017 Senior Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix C hereto. As Bond Counsel, Kutak Rock LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the City by the City Attorney of the City of Long Beach. Certain legal matters in connection with the Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Series 2017 Senior Bonds are contingent upon the issuance and delivery of the Series 2017 Senior Bonds.

RATINGS

Fitch Ratings ("Fitch") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") have assigned ratings of "AA" (stable outlook), and "AA" (stable outlook), respectively, to the Series 2017 Senior Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; and S&P, 55 Water Street, New York, New York 10041. Any explanation of the significance of such ratings may only be obtained from Fitch and S&P, respectively. The City and the Harbor Department furnished Fitch and S&P certain information and material concerning the Series 2017 Senior Bonds, the Harbor Department and the Port. Generally, rating agencies base their ratings on such information and material, and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that a rating given will remain in effect for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Series 2017 Senior Bonds.

UNDERWRITING

The Series 2017 Senior Bonds are being purchased by Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Siebert Cisneros Shank & Co., L.L.C. (the

"Underwriters") from the City, acting by and through the Board, at a price of $200,468,405.91 (consisting of the principal amount of the Series 2017 Senior Bonds, plus an original issue premium of $30,475,937.15, less an Underwriters' discount of $262,531.24), subject to the terms of a bond purchase agreement, dated June 15, 2017 (the "Bond Purchase Agreement"), between Citigroup Global Markets Inc., as representative of the Underwriters, and the City, acting by and through the Board.

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

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

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

MUNICIPAL ADVISOR

The Board has retained Public Resources Advisory Group, Los Angeles, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Series 2017 Senior Bonds. Except with respect to certain debt service numbers supplied by the Municipal Advisor and included in this Official Statement, the Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Certain fees of the Municipal Advisor are contingent upon the issuance and delivery of the Series 2017 Senior Bonds.

CONTINUING DISCLOSURE

At the time of issuance of the Series 2017 Senior Bonds, the City, acting by and through the Board, will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), which will provide for disclosure obligations on the part of the Harbor Department. Under the Continuing

Disclosure Certificate, the City, acting by and through the Board, will covenant for the benefit of Owners and Beneficial Owners of the Series 2017 Senior Bonds to provide certain financial information and operating data relating to the Board, the Harbor Department and the Port by April 30 of each year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA System. Currently the Harbor Department's Annual Report is filed as part of the City's required continuing disclosure filings. See "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the Underwriters in complying with Rule 15c2-12.

The City has not failed in the previous five years to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representation of fact. No representation is made that any of the opinions of estimates will be realized. See "INTRODUCTION—Forward-Looking Statements" and "CERTAIN INVESTMENT CONSIDERATIONS—Forward-Looking Statements."

The foregoing and subsequent summaries or descriptions of provisions of the Series 2017 Senior Bonds, the Master Senior Resolution, the Twentieth Supplemental Senior Resolution, the Fiscal Agent Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize and describe all of the provisions thereof, and reference should be made to said documents for full and complete statements of their provisions. Copies of such documents are available for review at the offices of the Harbor Department which are located at Port of Long Beach, 4801 Airport Plaza Drive, Long Beach, California 90815, Attention: Director of Finance.

The execution and delivery of this Official Statement has been duly authorized by the Board.

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

By /s/ Lori Ann Guzmán
President of the Board of Harbor Commissioners
of the City of Long Beach

APPENDIX A

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

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THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Annual Financial Statements

September 30, 2016

(With Independent Auditors' Report Thereon)

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

The Honorable Members of the Board of Harbor Commissioners
The Harbor Department of the City of Long Beach
Long Beach, California:

Report on the Financial Statements

We have audited the accompanying financial statements of the Harbor Department of the City of Long Beach (the Department), an enterprise fund of the City of Long Beach, California, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harbor Department of the City of Long Beach, California as of September 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the City of Long Beach, California as of September 30, 2016, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, effective October 1, 2015, the Department adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3–9, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, March 27, 2017 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
March 27, 2017

The following discussion and analysis of the financial performance of the Harbor Department of the City of Long Beach, California (the Department), provides an overview of the financial activities for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the additional information contained in the Department's financial statements and related notes and our letter of transmittal that precedes this section.

Using this Financial Report

This annual financial report consists of the Department's financial statements and the required supplementary information and reflects the self-supporting activities of the Department that are funded primarily through leasing property, tariffs, and other charges to its tenants.

Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and Statements of Cash Flow

The financial statements provide an indication of the Department's financial health. The statement of net position includes all of the Department's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, as well as an indication about which assets can be used for general purposes, and which assets are restricted as a result of bond covenants and other requirements. The statement of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods presented. The statement of cash flows reports the cash provided by and used in operating activities, as well as other cash sources and uses, such as investment income and cash payments for bond principal and capital additions and betterments.

The following condensed financial information provides an overview of the Department's financial position as of September 30, 2016 and 2015:

Condensed Schedule of Assets, Deferred Outflows,
Liabilities, Deferred Inflows, and Net Position

September 30, 2016 and 2015

(Amounts expressed in thousands)

		2016	2015 (as adjusted)
Assets:			
Capital assets, net	$	4,365,376	4,096,520
Other assets		671,277	878,310
Total assets		5,036,653	4,974,830
Deferred outflows of resources		41,884	22,268
Total assets and deferred outflows	$	5,078,537	4,997,098

(Continued)

Condensed Schedule of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

September 30, 2016 and 2015

(Amounts expressed in thousands)

		2016	2015 (as adjusted)
Liabilities:			
Current liabilities	$	171,932	160,802
Long-term obligations, net of current portion		1,114,917	1,217,531
Total liabilities		1,286,849	1,378,333
Deferred inflows of resources		11,661	14,816
Total liabilities and deferred inflows		1,298,510	1,393,149
Net position:			
Net investment in capital assets		3,442,251	3,077,225
Restricted:			
Capital projects		75,610	251,721
Debt service		13,961	13,754
Unrestricted		248,205	264,197
Total net position	$	3,780,027	3,606,897

Net position over time may serve as a useful indicator of the Department's financial position. At the close of fiscal year 2016, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3.8 billion. This is an increase of $173.1 million from last year. The Department's adoption of the provisions of *GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions Requirements,* effective October 1, 2015, resulted in a reduction of net position totaling approximately $2.9 million. This statement requires the reporting of a net liability for the Departments share of the City's net other post-employment benefits other than pension (OPEB) obligation. The change in net position consists of $70.1 million of current year operating income, $128.3 million of grant revenue accrual from other governmental agencies, $4.0 million capital contribution from the City on the Port's new headquarter land acquisition transaction and $18.7 million accrued transfers to the City's Tidelands Operating Fund. In addition, as of September 30, 2016, the construction of the Port's new headquarters building is approximately 20% complete at September 30, 2016. The Department reflects $49 million of other long term liability and a like amount in construction in progress for this design-build project in the financial statements. See further discussion of the new headquarters building under Capital Asset and Debt Administration below.

At September 30, 2016, the largest portion of the Department's net position (91.1% or $3.4 billion) reflects the Department's net investment in capital assets. This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources attributable to the addition of those assets or related debt are also included. These capital assets facilitate tenants' cargo operations. The amount of net investment in capital assets is not available for future spending. The increase of $365.0 million from fiscal year 2015 is mainly due to the completion of a portion of Middle Harbor project and a new fireboat.

An additional portion of the Department's net position (2.4%, or $89.6 million) represents resources that are subject to external restrictions on how they may be used. The decrease of $175.9 million is due to the release of the construction reserves for repayment of the line of credit and capital project cost. The remaining net position (6.6%, $248.2 million) is unrestricted net position, to be used in the future to fund the Department's operations.

The adoption of the provisions of GASB Statements No. 75, resulted in the reporting of a net OPEB liability totaling approximately $3.1 million as reported on the statement of net position as of September 30, 2016.

Detailed disclosure as required by GASB Statements No. 68, No. 71, and No. 75 can be found in notes 1 and 11 to the basic financial statements.

Condensed Schedule of Revenues, Expenses, and Changes in Net Position

Years ended September 30, 2016 and 2015

(Amounts expressed in thousands)

		2016	2015
Operating revenues	$	360,660	355,450
Operating expenses:			
Facility and infrastructure		36,274	38,302
Fire and Safety		40,379	48,178
General and administrative		67,220	47,291
Total operating expenses		143,873	133,771
Depreciation and amortization		146,721	137,709
Operating income		70,066	83,970

Condensed Schedule of Revenues, Expenses, and Changes in Net Position

Years ended September 30, 2016 and 2015

(Amounts expressed in thousands)

	2016	2015
Nonoperating revenues (expenses):		
Interest income, net of interest expense	$ (6,063)	5,969
Gain (loss) on sale of capital assets	48	35,979
Clean Air Action Plan (CAAP), net	(4,656)	(3,488)
Other income (loss), net	139	5,048
Net nonoperating revenue	(10,532)	43,508
Income before capital grants and transfer	59,534	127,478
Transfer to City – Tideland Fund	(18,033)	(17,772)
Contribution from City – New Port Headquarter Land	4,008	
Capital grants	128,282	121,008
Change in net position	173,791	230,714
Total net position – beginning of year, as previously reported	3,609,819	3,462,209
Cumulative effect resulting from change in accounting for GASB 68	—	(83,104)
Cumulative effect resulting from change in accounting for OPEB	(2,922)	—
Total net position – beginning of year, as restated	3,606,897	3,379,105
Total net position – end of year	$ 3,780,687	3,609,819

A comparison of the operating revenues for fiscal years 2016 and 2015 shows a slight increase of $5.2 million, or 1.5%. This is primarily due to a 1.8% increase in container terminal revenue, which accounted for approximately 76.2% of total revenue in fiscal year 2016. This increase was largely due to the increased rent at Middle Harbor. Revenue also increased slightly by 0.3% in noncontainerized terminal revenue at the dry bulk, vehicle, and lumber terminals.

Operating expenses (excluding depreciation and amortization) increased $10.1 million, compared to $133.8 million at September 30, 2015. The primary reason is due to an increase of pension costs of $9 million. By operating expense functions, facilities and infrastructure, increased $2.0 million compared to $38.3 million in fiscal year 2015, primarily due to expenses at the new Dive Team building. During fiscal year 2016, fire and safety costs decreased by $7.8 million as several projects were written off in fiscal year 2015 and a similar write off did not occur in fiscal year 2016. The increase of $19.9 million in general and administrative and other indirect operating expense is mainly related to the pension expense.

Depreciation expense is affected by acquisition and retirement of long-term assets, their useful lives, and the dates when such assets are placed in service. Depreciation expense for fiscal year 2016 was $9.0 million higher than that of fiscal year 2015, due to $353.0 million of capital assets, mainly in the Middle Harbor project, that were placed into service towards the end of fiscal 2015.

The transfers to City increased by $920.5 thousand in fiscal year 2016. The Department accrued $18.0 million as a regular operating transfer to the City Tidelands Fund to be paid in fiscal 2017 as well as $660 thousand transferred to the City for the Ports mitigation grant for Citywide light an power project.

An increase of $601.7 thousand in net interest income in fiscal year 2016 is primarily due to a decrease in interest expense on the line of credit. A payment of $95.0 million on the line of credit was paid during fiscal year 2016.

Total interest expense before capitalization was $24.7 million in fiscal 2016 and $27.9 million in fiscal year 2015. The decrease was mainly a result of no bond issuance costs, a lower line of credit balance outstanding, and a higher offsetting amortization of the bond premium/refunding costs in 2016.

Grant revenue increased $7.3 million to $128.3 million in fiscal year 2016, as a result of $28.2 million recognition of Proposition 1B grant received in the prior year and earned in fiscal year 2016. This increase was offset by a slower grant reimbursement for the Gerald Desmond Bridge project and the completion of several grant related projects during fiscal year 2016. In fiscal year 2016, the Department received grant reimbursements of $95.7 million for bridge, rail, and street improvements, $31.6 thousand for environmental improvements and $4.5 million for security related grants.

The Clean Air Action Plan (CAAP) continues to support the Port's efforts to enhance clean air. As a result of the CAAP in 2008, the Clean Trucks Program (CTP) was launched as an effort to reduce truck-related emissions throughout the Port complex. The CTP replaced or retrofitted many short-haul trucks by requiring all trucks entering the port to comply with 2007 EPA emission standards. To help ease this financial burden on the local truck industry, the Port developed a lease subsidy program to help reduce the costs for the owner of upgrading their old trucks with new "Clean Diesel" and "LNG" truck. In 2008, the Board approved to finance and services these leases, while the Department acts as the guarantor for the lease and residual payment. The Department also provided incentives to lessees to keep their trucks by agreeing to pay half of the lease-end residual. Overall, this program's expenses increased by $1.2 million when compared to that of fiscal year 2015 due to $1.6 million recorded for the lease end residual values of 72 returned trucks, and a $0.4 million recorded for 13 trucks in default. Please see note 15 to the financial statements for details.

Capital Assets and Debt Administration

Capital Assets

The Department's capital assets, net of accumulated depreciation, as of September 30, 2016 and 2015 are as follows:

		2016	2015
Nondepreciable capital assets:			
Land	$	951,918	931,547
Construction in progress		1,484,888	1,251,763
Rights-of-way		207,031	207,032
Total nondepreciable capital assets		2,643,837	2,390,342
Depreciable capital assets (net):			
Structures and facilities		1,656,861	1,668,548
Furniture, fixtures, and equipment		64,678	37,630
Total depreciable capital assets (net)		1,721,539	1,706,178
Total capital assets, net	$	4,365,376	4,096,520

The Department's capital assets include land; structures and facilities; furniture, fixtures, and equipment; construction in progress; and rights-of-way. The impact on the capital asset accounts, net of accumulated depreciation, was a net increase of $268.9 million from fiscal year 2015 primarily due to the substantial increase of assets placed into service related to major infrastructure projects taking place in the port such as Phase I of the Middle Harbor project and the fireboat and fire station. It is worth noting that major capital project spending during fiscal year 2016 comprise the following: Middle Harbor terminal development ($121.9 million); Gerald Desmond Bridge replacement project ($162.5 million); and Fire station and Fireboats safety projects ($10.1 million). The amount of capital assets transferred out of construction in progress and into service, totaled approximately $169.3 million for the year ended September 30, 2016.

Debt Administration

The following table summarizes the Department's debt as of September 30, 2016 and 2015.

		2016	2015
Short-term notes (principal and net premiums)	$	355,522	367,519
Lines of credit		25,000	120,000
Bond debt (principal and net premiums)		588,392	641,383
Total	$	968,914	1,128,902

The Department's total long-term debt decreased by $159 million, or 14.2%. The decrease was primarily attributed to the net result of the repayment on the line of credit and principal payments made on existing debt.

For the Port's new headquarter project, the Port will make a fixed price Project Completion payment of $212.6 million at completion in 2019. This payment may be financed through the issue of 20 to 30 years revenue bonds, which are not subject to Alternative Minimum Tax (AMT). The cost of this project could be partially offset by the sale of the Port's Interim Administrative Headquarters building as well as the sale of the World Trade Center parking lot owned by the Port.

The underlying ratings assigned to the Department's bond issues are as follows: Standard & Poor's: AA, stable outlook; Moody's Investors Services: Aa2, stable outlook; and Fitch Ratings: AA, stable outlook.

The debt service coverage ratio for fiscal year 2016 was 2.47. The minimum rate required by the Department's various bond indenture documents is 1.25.

Factors that May Affect the Department

The availability of alternate ports and competition affects the use of the department's facilities and, therefore, operating revenues of the Department. There is significant competition for container trade among North American ports. The department cannot predict the impact of this competition. Ports in the U.S. West Coast, Canada, and Mexico, compete for discretionary intermodal cargo headed from the Asia to mid-western and eastern U.S., which is more heavily populated. This discretionary cargo moves eastward primarily by rail. Discretionary cargo makes up more than half of the container cargo arriving at the Port of Long Beach.

The Port is subject to legal and regulatory requirements relating to air emissions that may be generated by ships, trains, trucks, and other operational activities within the port. Paying for mandated air pollution reduction, infrastructure and other measures has become a significant portion of the Department's capital and operating budgets. Such expenditures are necessary even if the Department does not undertake any new revenue-generating capital improvements, and the Department cannot provide assurances that the actual cost of the required measures will not exceed the amounts forecasted.

Notes to Financial Statements

The notes to the Department's financial statements can be found on pages 15–48 of this report. These notes provide additional information that is essential to a full understanding of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances for people or entities interested in the financial aspects of the Department. Questions concerning any of the information provided in this report should be addressed to the Director of Finance, 4801 Airport Plaza Drive, Long Beach, CA 90815. This report and other financial reports can be viewed on the Port's website at www.polb.com. On the home page, select Finance, there are links to reports by title and reporting date.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2016

(Dollars in thousands)

Assets and Deferred Outflows

Current assets:		
Pooled cash and cash equivalents (note 2)	$	335,454
Trade accounts receivable, net of allowance (note 3)		50,607
Due from other governmental agencies (note 3)		66,290
Prepaid – dredging services (note 4)		1,844
Prepaid – others		1,892
Interest receivables		190
Inventories of supplies		679
Subtotal		456,956
Harbor Revenue Bond Funds and other funds restricted as to use:		
Pooled cash and cash equivalents		30,017
Total current assets		486,973
Noncurrent assets:		
Capital assets (notes 6 and 12):		
Land		951,918
Structures and facilities		3,288,418
Furniture, fixtures, and equipment		130,576
Construction in progress		1,484,888
Right-of-way (note 5)		207,031
Less accumulated depreciation		(1,697,455)
Net capital assets		4,365,376
Other assets:		
Long-term receivables (note 3)		1,300
Environmental mitigation credits (note 16)		41,162
Investment in joint venture (note 13)		5,211
Restricted pooled cash and cash equivalents (notes 2 and 10)		52,047
Restricted nonpooled cash and cash equivalents (note 2)		1,765
Restricted nonpooled investments (note 2)		73,846
Other noncurrent assets		8,973
Total other assets		184,304
Total noncurrent assets		4,549,680
Total assets		5,036,653
Deferred outflows (note 18)		41,884
Total assets and deferred outflows	$	5,078,537

(Continued)

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2016

(Dollars in thousands)

Liabilities and Deferred Inflows

Current liabilities payable from current assets:		
Accounts payable and accrued expenses	$	73,082
Compensated absences (note 1)		2,031
Due to City of Long Beach		20,143
Liability claims (note 14)		8,600
Security deposits and unearned revenue		7,116
Total current liabilities payable from current assets		110,972
Current liabilities payable from restricted assets:		
Accrued interest – bonds		16,055
Current portion of bonds indebtedness		44,905
Total current liabilities payable from restricted assets		60,960
Total current liabilities		171,932
Long-term obligations net of current portion:		
Bonded indebtedness (note 10)		543,487
Series 2014C Senior notes (note 8)		355,522
Lines of credit (note 9)		25,000
Compensated absences (note 1)		10,883
Net OPEB liability (note 11)		3,103
Net pension liability (note 11)		124,170
Unearned revenue		3,685
Other long-term liability (note 19)		49,067
Total noncurrent liabilities		1,114,917
Total liabilities		1,286,849
Deferred inflows (note 18)		11,661
Total liabilities and deferred inflows		1,298,510
Net position:		
Net investment in capital assets		3,442,251
Restricted – capital projects		75,610
Restricted – debt service		13,961
Unrestricted		248,205
Total net position	$	3,780,027

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2016

(Dollars in thousands)

Port operating revenues:	
Berths and special facilities	$ 348,171
Rental properties	9,958
Miscellaneous	2,531
Total port operating revenues	360,660
Port operating expenses:	
Facility maintenance	12,673
Infrastructure maintenance	14,657
Fire and safety	40,379
Other indirect operating	8,944
General and administrative	67,220
Total operating expenses before depreciation and amortization	143,873
Depreciation and amortization	146,721
Total operating expenses	290,594
Income from operations	70,066
Nonoperating revenues (expenses):	
Investment income, net	4,637
Income from equity in joint venture	2,544
Interest expense	(13,244)
Gain on disposition of capital assets	48
Clean Air Action Program (CAAP), net (note 17)	(4,656)
Other income	138
Total nonoperating revenues (expenses), net	(10,533)
Income before transfers and capital grants	59,533
Transfers (note 15)	(18,693)
Capital grants and contributions	132,290
Increase in net position	173,130
Total net position – beginning of year, as previously reported	3,609,819
Cumulative effect resulting from change in accounting for GASB 75 (note 1)	(2,922)
Total net position – beginning of year, as adjusted	3,606,897
Total net position – end of year	$ 3,780,027

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2016

(Dollars in thousands)

Cash flows from operating activities:	
Cash received from customers	$ 361,226
Cash paid to employees	(86,585)
Cash paid to suppliers	(55,491)
Net cash provided by operating activities	219,150
Cash flows from investing activities:	
Interest received	4,637
Transfer from 2005 bond reserve premiums	14,943
Return on investment in joint venture	3,000
Net cash provided by investing activities	22,580
Cash flows from noncapital/financing activities:	
Clean Air Action Plan (net)	(4,656)
Transfers to City Tidelands Fund	(17,772)
Miscellaneous revenues	1,025
Net cash used for noncapital financing activities	(21,403)
Cash flows from capital and related financing activities:	
Grants provided	160,168
Interest paid	(32,617)
Principal payments made on bonds payable	(45,360)
Payments on lines of credit	(95,000)
Payments for capital acquisitions – employees	(19,839)
Payments for capital acquisitions – vendors	(339,189)
Payment for accusation of land for Port's new headquarters building	(8,000)
Prepaid dredging costs	(1,079)
Proceeds from sales of capital assets	48
Net cash used for capital and related financing activities	(380,868)
Net decrease in cash and cash equivalents	(160,541)
Cash and cash equivalents, beginning of year	579,824
Cash and cash equivalents, end of the year	$ 419,283
Reconciliation of cash and cash equivalents:	
Unrestricted pooled cash and cash equivalents	$ 335,454
Restricted pooled cash and cash equivalents	82,064
Bond reserve held by the City Treasurer	1,765
	$ 419,283

(Continued)

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2016

(Dollars in thousands)

Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$	70,066
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization		146,721
Other income (expense)		138
Decrease (increase) in accounts receivable		(643)
Decrease (increase) in receivable from prepaids		(29,283)
Decrease (increase) in inventory		(95)
(Decrease) increase in accounts payable		12,902
(Decrease) increase in accrued liabilities		(2,739)
(Decrease) Increase in accrued Claims and Judgments		8,600
(Decrease) increase in deferred revenues		1,209
(Decrease) increase in due to other funds		(2,647)
(Decrease) increase in pension liability and related deferred inflows		31,894
(Decrease) Increase in net pension liability and related deferred outflows		(20,408)
(Decrease) increase in net OPEB liability and related deferred outflows		181
(Decrease) increase in compensated absences		3,254
Total adjustments		149,084
Net cash provided by operating activities	$	219,150
Supplemental schedule of noncash transactions:		
Accrued capital assets costs	$	60,558
Accumulated costs of the Port's new headquarters building		49,067
Capitalized interest		11,458
Amortization of bond premium		19,628
Amortization of deferred outflows on debt refunding		235
Amortization of deferred inflows on debt refunding		(792)
Contribution of land from the City		4,008

See accompanying notes to financial statements

(1) Summary of Significant Accounting Policies

(a) The Reporting Entity

Article XII of the City Charter of the City of Long Beach, California (the City) created the Harbor Department of the City of Long Beach (the Department) to promote and develop the Port of Long Beach (the Port). The Department's operations are included in the City's reporting entity as an enterprise fund; its activities are conducted in the Tidelands Trust area of the City and are subject to coastal area laws of the State of California and to the terms of the trust agreement between the City and the State of California. The financial statements present only the financial activities of the Department and are not intended to present the financial position and results of operations of the City.

The Harbor Facilities Corporation (the Corporation), a nonprofit public benefit corporation, was created in November 1971 under the laws of the State of California. The Corporation was established as a financing mechanism for construction of harbor improvements. It was authorized to issue bonds, debentures, notes and other forms of debt. The Corporation has been inactive since 1995 and did not have any activity during the 2016 fiscal year. If the Corporation would have any transactions with financial implications, they would be included in the Department's financial statements.

The Department, together with the Harbor Department of the City of Los Angeles, formed a joint venture to finance the construction of the Intermodal Container Transfer Facility (ICTF). The ICTF venture has been recorded as an investment under the equity method of accounting in the accompanying financial statements (note 13).

In 1989, the cities of Los Angeles and Long Beach entered into a Joint Exercise of Powers Agreement to create the Alameda Corridor Transportation Authority (ACTA). This agreement was amended and restated in 1996. The purpose of ACTA was to acquire, construct, finance, and operate the Alameda Corridor. The Alameda Corridor consists of a 20-mile-long rail cargo expressway connecting the ports in San Pedro Bay to the transcontinental rail yards near downtown Los Angeles, and it began operating in April 2004. ACTA prepares its own financial statements, and its transactions are not included as part of the Department's financial statements (note 5).

(b) Basis of Accounting and Measurement Focus

Disbursement of funds derived from the Department's operations is restricted to Harbor Trust Agreement purposes. The costs of providing port services are recovered entirely through leases, tariffs, and other charges assessed to Department's tenants. Consistent with U.S. generally accepted accounting principles for enterprise funds, the accounting policies of the Department conform to the accrual basis of accounting. The measurement focus of the accompanying financial statements is on the determination of changes in net position. Operating revenues and expenses are generated and incurred through cargo activities performed by port tenants; operating expenses include maintenance of facilities and infrastructure, security, and payments to other City departments for services provided to the Port. Administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as nonoperating income (expense). The Department applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and interpretations.

The Department recognizes operating revenues when they are earned. Proceeds from federal or state grants are considered as nonoperating revenues, recognized as such when reimbursable and grant-eligible expenses are incurred, and are identified as capital grants in the statement of revenues, expenses, and changes in net position. Operating revenues or capital grant funds that have been received but not earned are identified as unearned revenue in the statement of net position.

(c) City of Long Beach Investment Pool

In order to maximize investment return and in accordance with City Charter requirements, the Department pools its available cash with other City funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used as a demand deposit account by participating units. Investment decisions are made by the City Treasurer and approved by a general investment committee whose membership includes a member of the Department's management. Interest income and realized and unrealized gains and losses arising from the Pool are apportioned to each participating unit based on their average daily cash balances compared to aggregate pooled cash and investments.

At September 30, 2016, the Department had equity in the Pool of $417.5 million, which represents approximately 27.2% of the Pool.

The Department's share of the Pool is stated at fair value.

For a complete description of the Pool and its underlying investments, refer to the City of Long Beach's separately issued financial statements.

(d) *Cash Equivalents*

The Department classifies its investment in the Pool as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments as the pool operates as a demand account for the Department.

The Department classifies all other investments with maturities of three months or less at the time of purchase as cash equivalents. These cash equivalents are reported at amortized cost in the accompanying financial statements.

(e) Investments

Investments are reflected at fair value using quoted market prices in active and inactive markets. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position as investment income, net.

(f) *Fair Value Measurements*

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction.

The Department categorizes investments reported at fair value within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as follows:

(i) Level 1: Quoted prices for identical investments in active markets;

(ii) Level 2: Observable inputs other than quoted market prices; and,

(iii) Level 3: Unobservable inputs.

(g) Inventories

Inventories of supplies are valued at the lower of average cost or market. Inventory is recorded when purchased, and expensed at the time the inventory is consumed.

(h) Capital Assets

An asset is classified as a capital asset if it is a nonconsumable, tangible item, valued at a single amount greater than $10 thousand, and with a useful life of more than one year. Capital assets are valued at historical costs. The historical cost of acquiring an asset includes the cost necessarily incurred to bring it to the condition and location necessary for its intended use. If an asset requires a period of time in which to carry out the activities necessary to bring it to that condition and location, the interest cost incurred during that period as a result of expenditures is a part of the historical cost of acquiring the asset. Depreciation is determined using the straight-line method with no allowance for salvage values. Identifiable intangible assets are recognized as such if they are separable or when they arise from contractual or other legal right, regardless of whether those rights are transferable or separable from the entity, or from other rights and obligations. The estimated economic lives used to determine annual rates of depreciation are subject to periodic review and revision, if appropriate, to assure that the cost of the respective assets will be written off over their economic lives. Estimated useful lives used in the computation of depreciation of capital assets are as follows:

Structures and facilities:	
Bridges and overpasses	75 years
Wharves and bulkheads	40 years
Transit sheds and buildings	5–20 years
State highway connections	15 years
Others	5–50 years
Furniture, fixtures, and equipment	5–15 years

Capitalized interest, which represents the cost of borrowed funds used for the construction of capital assets, is included as part of the cost of capital assets and as a reduction of interest expense. The Department capitalized $11.5 million in interest costs during the year ended September 30, 2016.

(i) Investment in Joint Venture

The investment in the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) is accounted for using the equity method. The amount realized by the Department is proportional to the reported value and is based on the department's share of ICTF. The reported profit is proportional to the size of the equity investment.

(j) Compensated Absences

The Department records all accrued employee benefits, including accumulated vacation, as a liability in the period when the benefits are earned. Accrued employee benefits are classified into current and noncurrent liability for financial statement presentation. The current liability in the amount of $2.0 million as of September 30, 2016, is calculated based on a five years average of vacation taken or used annually. The Department reported $10.9 million in noncurrent compensated absences liability as of September 30, 2016, of which $9.3 million is for Retired Employees Health Insurance Program (REHIP) and $1.6 million is for accrued vacation.

(k) Net Position

The Department has adopted a policy of generally utilizing restricted funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

The Department's net position is classified into the following categories:

Net investment in capital assets – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and unexpended bond proceeds and economic losses of refunding of debt.

Restricted – Net position subject to externally imposed conditions or constraints that can be fulfilled by the actions of the Department or by the passage of time. The restrictions are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

Unrestricted – All other categories of net position. Additionally, unrestricted net position may be designated for use by management of the Department. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas.

(l) Revenue Recognition

The Department recognizes revenue on an accrual basis when earned. Rents, tariffs, or other miscellaneous receipts that are received in advance of earnings are unearned revenue until earned. Grant revenues are recognized in the fiscal year in which all eligibility requirements are met.

(m) Allowance for Doubtful Accounts

The allowance for doubtful accounts (allowance) is estimated at a level to absorb expected accounts receivable losses. The allowance is established to reflect the amount of the Department's receivables that management estimates will be uncollectible. The allowance is set at the greater of (1) one half of one percent (0.5%) of estimated annual operating revenues or (2) the sum of 75% of aged receivable amounts over 120 days delinquent, plus 50% of amounts over 90 days delinquent, plus 25% of amounts over 60 days delinquent, plus 10% of amounts over 30 days delinquent. In addition, management reviews the adequacy of the allowance on a monthly basis by reviewing the aging report and assesses whether any further adjustment is necessary.

To determine uncollectible amounts, the Department's Finance Division reviews all delinquent accounts in August of each year. Amounts deemed uncollectible are written off (note 3).

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(o) Recent Accounting Pronouncements

(i) Effective in the Current Year

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements as well as determining a fair value measurement for financial reporting purposes. The adoption of the provisions of this statement resulted in enhanced investment and fair value disclosures for the Department.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions. It also amends certain provisions of Statement No. 67 and Statement No. 68 for pension plans and pensions that are within their respective scopes. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The Department implemented all provisions of this Standard except the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 as those provisions are not required to be implemented until fiscal year 2017. This Statement had no impact on the Department’s financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement establishes new accounting and financial reporting requirements for the plans of governments whose employees are provided with OPEB. This Statement is applicable to the financial statements of the OPEB plan and is not applicable to the financial statements of the Department.

In June 2015, the GASB issued Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employee of other governments and parallels the pension standards issued in 2012 – GASB Statement No. 68. The requirements of this Statement are effective for financial statements for period beginning after June 15, 2017. The Department early adopted of the provisions of GASB Statements No. 75 in fiscal year 2016. The provisions of this standard required the Department to report a liability for their share of the net OPEB obligation. The Harbor Department participates in the OPEB plan of the City of Long Beach and accordingly the Department has reported their share of the City's net OPEB obligation. The City's net OPEB liability is determined based on an annual actuarial study and the Department's share of the obligation is based on the departments accrued sick leave balance as of the measurement date.

As a result of the adoption of the provisions of this statement, the Department has adjusted net position as follows as of October 1, 2015:

Net position, as previously reported	$	3,609,819
Effects of accounting for adoption of GASB Statement No. 75:		
Net OPEB obligation at beginning of year		(2,922)
Net position at beginning of year, as adjusted	$	3,606,897

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. At September 30, 2016, the Department implemented all provisions of this standard except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing as those provisions are applicable to an external involvement pool sponsor and the Department does not sponsor an external investment pool. This Statement did not have a material impact on the Department's financial statement.

(ii) *Effective in Future Years*

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures. This Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This information is intended, among other things, to assist users of financial statements in assessing whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity); whether a government complied with finance related legal and contractual obligations; where a government's financial resources come from and how it uses them; and a government's financial position and economic condition and how they have changed over time. The provisions of this Statement are effective for fiscal years beginning after December 15, 2015. The Department is evaluating the impact of this Standard on their financial statements.

In November 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Department is evaluating the impact of this Standard on their financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Department is currently evaluating the impact of this Standard on their financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The Department is currently evaluating the impact of this Standard on their financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Department is currently evaluating the impact of this Standard on their financial statements.

(2) Cash, Cash Equivalents, and Other Investments

The Department's cash and cash equivalents and investments as of September 30, 2016, is classified in the accompanying statement of net position as follows (in thousands):

		Unrestricted	Restricted	Total
Equity in the City of Long Beach's Investment pool	$	335,454	82,064	417,518
Other cash equivalents		—	1,765	1,765
Investments held by fiscal agent		—	73,846	73,846
Total cash, cash equivalents and investments	$	335,454	157,675	493,129

The Departments investment policy allows funds to be invested with the City. The City's investment policy limits the permitted investments in the Investment Pool to the following: Obligations of the U.S. government, federal agencies, local agency bonds, medium-term corporate notes, certificates of deposit; bankers' acceptances, commercial paper, LAIF, repurchase agreements, reverse repurchase agreements, securities lending, asset-backed securities, mortgage-backed securities and money market mutual funds.

As of September 30, 2016 and 2015, the City's Investment Pool has weighted average maturity of less than 2 years and is not rated. The Department's investment in the Pool is not categorized.

The Department also held reserves by fiscal agent for the 2010A, 2010B, 2015C, 2015D and the 2014C Notes (note 10). At September 30, 2016, the Departments amounts held by fiscal agents totaled $73.8 million and were invested in U.S Treasury notes that are rated AAA and have a weighted average maturity of 1.49 years. These investments are reported a fair value using observable inputs, however, $38.4 million are traded in nonactive markets and are accordingly categorized as a Level 2 in the fair value hierarchy. The remaining $35.4 million are traded in active markets and therefore categorized as a Level 1 in the fair value hierarchy.

(3) Accounts Receivable and Other Receivables

Accounts receivable as of September 30, 2016, included the following (expressed in thousands):

Trade accounts receivable	$	52,410
Less allowance for doubtful accounts		(1,803)
Accounts receivable, net	$	50,607

Other receivables as of September 30, 2016 included the following (expressed in thousands):

Due from other governmental agencies:		
Current:		
Federal and state grants	$	66,290
Long term:		
Tidelands – Beaches and Waterways		1,300
Total due from other governmental agencies	$	67,590

The due from other governmental agencies is related to the grant programs from various governmental agencies, which include, but are not limited to: The Federal Highway Bridge Program; the Trade Corridor Improvement Program; Goods Movement Emission Reduction – Proposition 1B; and the Port Security Grant Program. Funds from these grant programs are available to the Department on a reimbursement basis except the Proposition 1B: Goods Movement Emission Reduction Program. Most of these programs require a matching contribution from the Department. If the grant program will result in the transfer of title to an organization outside of the Department, a contribution is recognized on the date of transfer.

(4) Long Beach Harbor Dredging

A project to deepen the Port of Long Beach Main Channel started in the 1990s. In 2000, Main Channel deepening work was completed except for an isolated location in the Main Channel turning basin. In 2009, the Department, City of Long Beach, and U.S. Army Corps of Engineers undertook a $56 million dredging project to complete remaining deepening work in the Main Channel turning basin, clean up contaminated sediments in the West Basin at a location identified as IR Site 7, complete maintenance dredging at the City of Long Beach's Catalina Express Terminal, and to fill the Department's Pier G North Slip as part of the Pier G Redevelopment Program. Construction was completed in 2011. The project was completed under budget and a remaining balance of $1.8 million as of September 30, 2016, recorded as a prepaid expense, will now be used for the Department's share of a feasibility study which will evaluate potential extensions to the Main Channel. This new project is being conducted in partnership with the U.S. Army Corps of Engineers and is called the Long Beach Deep Draft Navigation Study.

(5) Alameda Corridor Right-of-Way Purchase

In December 1994, the Department and the Harbor Department of the City of Los Angeles (collectively, the Ports) executed the purchase of the rights of way needed for the development of the Alameda Corridor Project (the Project), which is a comprehensive transportation corridor between the Ports and the central Los Angeles area. The Ports purchased these rights, sharing the cost on a 50/50 basis, from the three railroad companies then serving the Ports: Union Pacific Railroad Company (Union Pacific), Southern Pacific Railroad Company (Southern Pacific), and Atchison, Topeka and Santa Fe Railroad Companies (Atchison, Topeka and Santa Fe). After the purchase, Southern Pacific merged into Union Pacific and Atchison, Topeka, and Santa Fe merged with Burlington Northern to form the Burlington Northern Santa Fe.

The total purchase comprised the right of way property from the three former railroad companies and a drill track from Southern Pacific to provide an additional right of way to access local businesses along the Project. As of September 30, 2016, total costs to the Department related to the rights of way purchase amounted to $207.0 million. Construction of the Project began in 1997 and it was completed in April 2002. Funding for the Project came from federal, state, and local sources, and from issuance of debt.

Repayment to the Ports for their investments in the right of way and for any advances provided to the Project will occur only after the Project has generated revenues sufficient to retire all debt and to fund a maintenance reserve (note 14). In December, 2014, ACTA closed escrow for the sale of a joint ownership parcel and distributed the proceeds in the amount of $472 thousand to the Department. Refer to note 14 for additional discussion related to the guarantee the Department has made related to the Alameda Corridor Transportation Authority.

(Continued)

(6) Capital Assets

Capital Assets schedule as of September 30, 2016 as follows: (expressed in thousands):

Description		Balance, October 1, 2015	Additions	Disposals/ adjustments	Transfers	Balance, September 30 2016
Nondepreciable capital assets:						
Purchased land	$	450,002	12,008	—	—	462,010
Constructed land		481,545	—	—	8,363	489,908
Construction in progress		1,251,764	402,447	24	(169,347)	1,484,888
Right of way (note 5)		207,031	—	—	—	207,031
Subtotal		2,390,342	414,455	24	(160,984)	2,643,837
Depreciable capital assets:						
Structures and facilities		3,164,854	—	(24)	123,588	3,288,418
Furniture, fixtures, and equipment		94,699	1,122	(2,641)	37,396	130,576
Subtotal		3,259,553	1,122	(2,665)	160,984	3,418,994
Total capital assets		5,649,895	415,577	(2,641)	—	6,062,831
Less accumulated depreciation:						
Structures and facilities		1,496,305	135,252	—	—	1,631,557
Furniture, fixtures, and equipment		57,070	11,469	(2,641)	—	65,898
Total accumulated depreciation		1,553,375	146,721	(2,641)	—	1,697,455
Net capital assets	$	4,096,520	268,856	—	—	4,365,376

(Continued)

(7) Long Term Liabilities

Schedule of Changes in Long – Term Liabilities (In thousands)

Description	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due in one year
Revenue bonds	$ 587,990	—	45,360	542,630	44,905
Premium	53,393	—	7,631	45,762	—
Total revenue bonds	641,383	—	52,991	588,392	44,905
2014C Note	325,000	—	—	325,000	—
Premium	42,519	—	11,997	30,522	—
Total notes payable	367,519	—	11,997	355,522	—
Line of credit	25,000	—	—	25,000	—
Compensated absences	10,574	5,286	2,946	12,914	2,031
Net pension liability	90,470	33,700	—	124,170	—
Net OPEB liability	2,922	181	—	3,103	—
Other long term obligation (Port Headquarters Construction Costs)	—	49,067	—	49,067	—
Total long term liability	$ 1,137,868	88,234	67,934	1,158,168	46,936

(8) 2014C Harbor Revenue Notes and Transportation Infrastructure Finance and Innovation Act Loan

The City of Long Beach Harbor Revenue Notes Series 2014C Senior Notes (2014C Notes) are secured by the Department's gross revenues. The 2014C Notes, dated June 12, 2014, amounting to $325.0 million plus an original issue premium of $53.4 million, less an underwriter's discount of $659 thousand, were issued to finance a portion of the costs of constructing a replacement bridge for the existing Gerald Desmond Bridge, to fund capitalized interest on the 2014C Notes through November 15, 2018, to refund a portion of the City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series A (Tax-exempt) and Series B (Tax-exempt), and to finance the costs of issuance of the 2014C Notes.

The 2014C Notes are outstanding as of September 30, 2016, and will mature on November 15, 2018 with interest payable semiannually of May 15 and November 15 at coupon rates ranging from 3.0% to 5.0%. The Series 2014C will not be subject to redemption prior to maturity.

The original issue premium is being amortized over the loan term using the effective interest method. Unamortized premium totaled $30.5 million for the year ended September 30, 2016.

As of September 30, 2016, the balance of the service account $40.0 million is restricted to meet debt service requirements in conformity with the note resolution.

Scheduled annual principal note maturities and interest are summarized as follows (in thousands):

	Principal	Interest	Total
Fiscal year(s) ending September 30:			
2017	$ —	15,643	15,643
2018	—	15,643	15,643
2019	325,000	7,822	332,822
	$ 325,000	39,108	364,108

TIFIA Loan Commitment – In May 2014, the Harbor Department entered into a loan agreement (the TIFIA Loan) with the United States Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act (TIFIA). Under the TIFIA Loan, the USDOT will allow the Department to borrow up to $325.0 million, provided the amount so borrowed will be used to finance and refinance the costs related to the replacement of the Gerald Desmond Bridge, including but not limited to the repayment of the 2014C Notes. The loan is secured by a subordinate lien on the Department's gross revenues. The loan is expected to be drawn no later than one year after substantial completion of the replacement bridge currently expected in July 2018. As such, there is no outstanding liability for the TIFIA loan as of September 30, 2016. Once drawn upon, the TIFIA loan will be repaid be over a period not to exceed 35 years at an interest rate of 3.42%.

(9) Lines of Credit

In July 2013, the Board of Harbor Commissioners authorized the issuance of $200.0 million Subordinate Harbor Revenue Revolving Obligations Series A (Tax-Exempt), Series B (Tax-Exempt), and Series C (Taxable).

Bank of America provided the Department a tax-exempt line of credit in an aggregate principal amount of $78.0 million, and Union Bank provided the Department a tax-exempt and taxable line of credit in an aggregate principal amount of $122.0 million. Both of these line of credit agreements were scheduled to expire on July 29, 2016. In November 2015, the Department made a repayment of $37.5 million to Union Bank and paid off the outstanding balance of $37.5 million to Bank of America. In June 2016, the Department made a repayment of $20.0 million to Union Bank leaving a remaining outstanding balance of $25.0 million.

On June 30, 2016, the Board of Harbor Commissioners approved a 3-year revolving credit agreement in connection with a tax-exempt and taxable revolving line of credit to be provided by MUFG Union Bank, N.A. in an aggregate principal amount not to exceed $200.0 million outstanding at any one time. Both of the existing credit agreements with Bank of America and Union Bank were terminated when the Department entered into a new Credit Agreement with Union Bank in early July 2016.

The tax-exempt and taxable interest rates to be paid by the Department for borrowings under the revolving lines of credit to be provided by Union Bank will be based on a percentage of the one-month London Interbank Offered Rate (Libor).

As of September 30, 2016, the Department has an outstanding balance of $25.0 million against this new revolving line of credit with Union Bank.

(10) Bonded Indebtedness

Bond premiums and discounts of long-term debt issues are amortized over the life of the related debt. The Harbor department's bonded indebtedness issues and transactions are as follows (in thousands):

1998 Harbor Revenue Refunding Bonds:		
Maturing 2017 through 2019 at 6.0% interest	$	47,030
Plus unamortized premium		1,679
Total 1998 Harbor Revenue Refunding Bonds	$	48,709
2010A Harbor Revenue Bonds:		
Maturing 2017 through 2025 at 4.0% to 5.0% interest	$	136,715
Plus unamortized premium		8,063
Total 2010A Harbor Revenue Bonds	$	144,778
2010B Harbor Revenue Refunding Bonds:		
Maturing 2017 through 2027 at 4.0% to 5.0% interest	$	127,660
Plus unamortized premium		7,882
Total 2010A Harbor Revenue Refunding Bonds	$	135,542
2014A Harbor Revenue Refunding Bonds:		
Maturing 2017 at 4.0 to 5.0% interest	$	12,730
Plus unamortized premium		350
Total 2014A Harbor Revenue Refunding Bonds	$	13,080
2014B Harbor Revenue Refunding Bonds:		
Maturing 2017 through 2027 at 3.0 to 5.0% interest	$	20,570
Plus unamortized premium		2,282
Total 2014A Harbor Revenue Refunding Bonds	$	22,852
2015A Harbor Revenue Refunding Bonds:		
Maturing 2017 through 2023 at 4.0 to 5.0% interest	$	44,845
Plus unamortized premium		4,573
Total 2015A Harbor Revenue Refunding Bonds	$	49,418

2015B Harbor Revenue Refunding Bonds:		
Maturing 2023 through 2025 at 5.0% interest	$	20,130
Plus unamortized premium		4,231
Total 2015B Harbor Revenue Refunding Bonds	$	24,361
2015C Harbor Revenue Bonds:		
Maturing 2026 through 2032 at 5.0% interest	$	66,085
Plus unamortized premium		8,561
Total 2015C Harbor Revenue Refunding Bonds	$	74,646
2015D Harbor Revenue Bonds:		
Maturing 2033 through 2037 at 5.0% interest	$	66,865
Plus unamortized premium		8,141
Total 2015D Harbor Revenue Refunding Bonds	$	75,006
Summary:		
Principal	$	542,630
Net premium		45,762
Less current portions of long term indebtedness		44,905
Net long-term bonded indebtedness	$	543,487

The Department had the following activity in bonded indebtedness for the fiscal years ended September 30, 2016 (in thousands).

Description	Balance, October 1, 2015	Additions	Reductions	Balance, September 30, 2016	Amounts due within one year
1998	$ 60,965	—	13,935	47,030	14,770
2010A	148,705	—	11,990	136,715	12,470
2010B	134,135	—	6,475	127,660	130
2014A	25,690	—	12,960	12,730	12,730
2014B	20,570	—	—	20,570	3,390
2015A	44,845	—	—	44,845	1,415
2015B	20,130	—	—	20,130	—
2015C	66,085	—	—	66,085	—
2015D	66,865	—	—	66,865	—
	$ 587,990	—	45,360	542,630	44,905

Annual Debt Service Requirements to Maturity – All Bonded Debt

Scheduled annual principal bond maturities and interest are summarized as follows (in thousands):

Fiscal year(s) ending September 30		Principal	Interest	Total
2017	$	44,905	27,171	72,076
2018		47,190	24,882	72,072
2019		45,965	22,546	68,511
2020		37,300	20,135	57,435
2021		39,110	18,295	57,405
2022–thereafter		328,160	109,201	437,361
	$	542,630	222,230	764,860

Details of each outstanding debt issue are as follows:

(a) 1998 Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Refunding Bonds Series 1998A (the 1998 Bonds) are secured by the Department's gross revenues. The 1998 Bonds, dated February 1, 1998, amounting to $206.3 million were issued to refund all of the City's Harbor Revenue Bonds Series 1989A (the 1989 Bonds). The 1989 Bonds were defeased and the liability for those bonds was removed from the Department's statement of net position.

Serial bonds aggregating to $47.0 million are outstanding and will mature on May 15 of each year from 2017 to 2019 in amounts ranging from $13.9 million to $16.6 million with interest payable semi-annually on May 15 and November 15 at coupon rates of 6.0%. The 1998 Bonds are not subject to optional or mandatory redemption before their respective maturity dates.

The bond resolution requires the Department to maintain sufficient funds in order to meet current and maximum annual debt service payments. As of September 30, 2016, the Department has allocated $6.6 million and $17.6 million to a debt service account and reserve account, respectively.

The refunding of the 1989 Bonds resulted in a difference between the reacquisition price and net carrying amount on the old debt of $8.6 million. The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred outflow of resources. As of September 30, 2016, $1.1 million remained as a deferred outflow to be amortized.

(b) 2010A Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Bonds Series 2010A (the 2010A Bonds) are secured by the Department's gross revenues. The 2010A Bonds, dated March 31, 2010, amounting to $200.8 million were issued to finance certain capital improvements at the Port, to fund a reserve fund for the Series 2010A Bonds, and to pay the costs of issuing the Series 2010A Bonds.

Serial bonds aggregating to $136.7 million will mature on May 15 of each year from 2017 to 2025 in amounts ranging from $12.5 million to $18.3 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging 3.0% to 5.0%.

The Series 2010A Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Series 2010A Bonds maturing on or after May 15, 2021 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2020, at a redemption price equal to 100% of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The bond resolution requires the Department to maintain sufficient funds in order to meet current and maximum annual debt service requirement. As of September 30, 2016, $7.2 million and $19.5 million were allocated to the debt service account and reserve account respectively.

(c) 2010B Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Refunding Bonds Series 2010B (the 2010B Bonds) are secured by the Department's gross revenues. The 2010B Bonds, dated April 29, 2010, amounting to $158.1 million were issued to refund $63.1 million aggregate principal amount of the City's Harbor Revenue Bonds, Series 2002B, $12.1 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2004A, and $78.4 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2005A, to fund a reserve fund for the Series 2010B Bonds; and to pay the costs of issuing the Series 2010B Bonds.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statement of net position as of September 30, 2016. The remaining balance of $3.6 million is to be amortized in the statement of net position as a component of deferred outflow of resources.

Serial bonds aggregating to $127.7 million will mature on May 15 of each year from 2017 to 2027 in amounts ranging from $130 thousand to $24.0 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 4.0% to 5.0%.

The Series 2010B Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Series 2010B Bonds maturing on or after May 15, 2021 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2020, at a redemption price equal to 100% of the principal amount of the Series 2010B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The bond resolution requires the Department to maintain sufficient funds in order to meet current and maximum annual debt service requirements. As of September 30, 2016, $2.4 million and $16.1 million were allocated to debt service account and reserve account, respectively.

(d) 2014A Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2014A (the 2014A Bonds) are secured by the Department's gross revenues. The 2014A Senior Bonds, dated April 24, 2014, amounting to $38.5 million were issued in conjunction with the 2014B Senior Bonds described below to (a) (i) refund all of the City of Long Beach, California, Harbor Revenue Bonds, Series 2002B, which were outstanding in the aggregate principal amount of $43.4 million, (a) (ii) the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004A, which were outstanding in the aggregate principal amount of $13.1 million, and (a) (iii) the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004B, which were outstanding in the aggregate principal amount of $32.0 million (collectively, the Refunded Bonds), and (b) pay the costs of issuing the 2014A Bonds.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statement of net position as of September 30, 2016, $541.3 thousand remained as a deferred inflow to be amortized in the statement of net position as a component of deferred inflow of resources.

Serial bonds aggregating to $12.7 million will mature on May 15, 2017 with interest payable semiannually on May 15 and November 15 at coupon rates of 5.0%.

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

The bond resolution requires maintaining sufficient funds to meet current and maximum annual debt service requirements. As of September 30, 2016, $5.0 million was allocated to debt service account.

(e) 2014B Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2014B (the 42014B Bonds) are secured by the Department's gross revenues. The 2014B Bonds, dated April 24, 2014, amounting to $20.6 million were issued in conjunction with the 2014A Bonds described above to refund all of (a) (i) the City of Long Beach, California, Harbor Revenue Bonds, Series 2002B, which were outstanding in the aggregate principal amount of $43.4 million, (a) (ii) the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004A, which were outstanding in the aggregate principal amount of $13.1 million, and (a) (iii) the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004B, which were outstanding in the aggregate principal amount of $32.0 million (collectively, the Refunded Bonds), and (b) pay the costs of issuing the 2014 Bonds.

Serial bonds aggregating to $20.6 million will mature on May 15 of each year from 2017 to 2027 in amounts ranging from $940 thousand to $7.7 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 3.0% to 5.0%.

The difference between reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as of September 30, 2016, $635 thousand remained as a deferred inflow to be amortized in the statements of net position as a component of deferred inflows.

The 2014B Bonds maturing on or before May 15, 2024 are not subject to redemption prior to maturity. The 2014B Bonds maturing on or after May 15, 2025 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2024, at a redemption price equal to 100% of the principal amount of the 2014B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemptions without premium.

The bond resolution requires the Department to maintain sufficient fund in order to meet current and maximum annual debt service requirement. As of September 30, 2016, $1.6 million was allocated to a debt service account.

(f) 2015A Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2015A (the 2015A Bonds) are secured by the Department's gross revenues. The 2015A Bonds, dated April 16, 2015, amounting to $44.8 million were issued in conjunction with the 2015B Bonds described below and other available moneys to (a) current refund and/or defeased all or a portion of the Series 2005 Senior Bonds, and (b) pay the costs of issuing the 2015 Bonds. This refunding was under taken to reduce total debt service payments over the next 10 years by $36.2 million and resulted in an economic gain of $12.1 million.

Serial bonds aggregating to $44.8 million will mature on May 15 of each year from 2017 to 2023 in amounts ranging from $1.4 million to $14.4 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 4.0% to 5.0%.

The difference between reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported as a deferred inflow of $1.6 million in the accompanying statement of net position as of September 30, 2016.

The 2015A Bonds are not subject to redemption prior to maturity.

The bond resolution requires maintaining sufficient funds to meet current and maximum annual debt service requirements. As of September 30, 2016, $3.6 million was allocated to a debt service account.

(g) 2015B Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2015B (the 2015B Bonds) are secured by the Department's gross revenues. The 2015B Bonds, dated April 16, 2015, amounting to $20.1 million, were issued in conjunction with the 2015A Bonds described above and other available money to (a) current refund and/or defeased all or a portion of the Series 2005 Senior Bonds, and (b) pay the costs of issuing the 2015 Bonds. Even though this refunding resulted in an increase of $845 thousand in the total of debt service payments over the next 10 years, it resulted in an economic gain of $1.7 million.

Serial bonds aggregating to $20.1 million will mature on May 15 of each year from 2023 to 2025 in amounts ranging from $3.3 million to $9.8 million with interest payable semiannually on May 15 and November 15 at coupon rates of 5.0%.

The difference between reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statement of net position as of September 30, 2016, $305 thousand remained as a deferred inflow to be amortized in the statement of net position as a component of deferred inflows.

The 2015B Bonds are not subject to redemption prior to maturity.

The bond resolution requires the Department to maintain sufficient funds in order to meet current debt service requirement. As of September 30, 2016, $1.1 thousand was allocated to a debt service account.

(h) 2015C Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2015C (the 2015C Bonds) are secured by the Department's gross revenues. The 2015C Bonds, dated July 15, 2015, amounting to $66.1 million were issued in conjunction with the 2015D Bonds (the Series 2015 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department at the Port of Long Beach including, but not limited to, the Series 2015 Projects, and/or repaying all or a portion of the outstanding Series A Subordinate Obligations and Series B Subordinate Obligations and (b) paying the financing costs and the costs of issuing the Series 2015 Senior Revenue Bond.

Serial bonds aggregating to $66.1 million will mature on May 15 of each year from 2026 to 2032 in amounts ranging from $6.9 million to $16.8 million with interest payable semiannually on May 15 and November 15 at coupon rates of 5.0%.

The Series 2015 Senior Revenue Bonds are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, or after May 15, 2025, at a Redemption Price equal to 100% of the principal amount of the Series 2015 Senior Revenue Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The bond resolution requires the Department to maintain sufficient funds in order to meet current debt service requirement. As of September 30, 2016, $1.2 thousand was allocated to a debt service account.

(i) 2015D Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2015D (the 2015D Bonds) are secured by the Department's gross revenues. The 2015D Bonds, dated July 15, 2015, amounting to $66.9 million were issued in conjunction with the 2015C Bonds (the Series 2015 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department including but not limited to, the Series 2015 Projects, and/or repaying all or a portion of the outstanding Series A Subordinate Obligations and Series B Subordinate Obligations and (b) paying the financing costs and the costs of issuing the Series 2015 Senior Revenue Bond.

Serial bonds aggregating to $66.8 million will mature on May 15 of each year from 2033 to 2042 in amounts ranging from $5.3 million to $8.2 million with interest payable semiannually on May 15 and November 15 at coupon rates of 5.0%.

The Series 2015 Senior Revenue Bonds are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, or after May 15, 2025, at a Redemption Price equal to 100% of the principal amount of the Series 2015 Senior Revenue Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The bond resolution requires the Department to maintain sufficient funds in order to meet current debt service requirement. As of September 30, 2016, $1.3 million was allocated to a debt service account.

(11) Retirement Program

(a) Pension Plan

(i) Plan Description – Public Employees' Retirement System (CalPERS)

The City contributes to the California Public Employees' Retirement System (CalPERS) agent multiple-employer defined benefit pension plan. The City is considered the employer and the Department is a department of the City. The Department's employees are enrolled in the City Miscellaneous Plan. CalPERS provides retirement benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. All City departments are considered collectively to be a single employer, and the Department's pension elements are determined as the Department's percentage of the City as a single employer.

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment, age at retirement and final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for the plan is applied as specified by the Public Employees' Retirement Law.

The Miscellaneous Plan’s provisions and benefits in effect at September 30, 2016, are summarized in the following table:

	Miscellaneous		
Hire date	**Tier 1 Prior to October 1, 2006**	**Tier 2 On or after October 1 2006 and prior to January 1 2013**	**Tier 3 On or after January 1 2013**
Benefit formula	2.7% at 55	2.5% at 55	2.0% at 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50–55	50–55	52–60
	Required contribution rates		
Employee	8.0 %	8.0 %	6.5 %
Employer	16.288 %	16.288 %	16.288 %
	Percentage of eligible compensation		
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%

Contributions – California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(ii) Allocation Methodology

The City used a calculated percentage based on the Department’s share of the pensionable compensation to the City’s total pensionable compensation amounts for each plan, to provide the Department’s net pension liability and related GASB 68 accounting elements. The Department’s proportionate share totaled 19.8% as of September 30, 2016.

(iii) Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows Related to Pensions

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the plan's fiduciary net position. Net pension liability is measured as of June 30, 2016 (measurement date), using the actuarial valuation report as of June 30, 2015, rolled forward using standard update procedures. The Department's share of the net pension liability for the Miscellaneous Plan was $90.5 million at the beginning of the measurement period and $124.2 million at September 30, 2016. For the measurement period ending June 30, 2016 (the measurement date) the Department incurred pension expense of $10.0 million.

As of September 30, 2016, the Department had deferred outflows and deferred inflows related to pensions as follows (in thousands):

Deferred outflows of resources:		
Pension contributions after measurement date	$	2,072
Difference between actual and expected CalPERS investment returns		32,351
CalPERS change in proportion		2,707
Total deferred outflows of resources	$	37,130
Deferred inflows of resources:		
CalPERS difference between actual and expected experience	$	6,332
CalPERS change in assumptions		2,309
Total deferred inflows of resources	$	8,641

Exclusive of deferred outflows related to payments after the measurement date, which will be recognized in pension expense in the following year, the net amount of deferred outflows (inflows) of resources related to pensions that will be recognized in pension expense during the next four years is as follows (in thousands):

Measurement period ended June 30		Total
2017	$	2,790
2018		8,065
2019		9,748
2020		5,814
Total	$	26,417

(iv) Actuarial Methods and Assumptions Used to Determine Total Pension Liability

A summary of principal assumptions and methods used to determine the net pension liability is as follows:

	Miscellaneous
Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.65 %
Inflation	2.75
Payroll growth	3.00
Projected salary increase	Varies by entry age and service
Investment rate of return	7.50*[1]
Mortality	See note*[2]

*[1] Net of Pension Plan Investment and Administrative Expenses; includes inflation

*[2] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale AA.
For more details on this table, refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 Actuarial Valuation Report were based on the results of an actuarial experience study for the period from 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The table on the following page reflects the long-term expected real rate of return by asset class for the Miscellaneous Plan. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset class	New strategic allocation	Real return years 1–10 a	Real return years 11+ b
Global equity	51.0 %	5.25 %	5.71 %
Global fixed income	20.0	0.99	2.43
Inflation sensitive	6.0	0.45	3.36
Private equity	10.0	6.83	6.95
Real estate	12.0	4.50	5.13
Infrastructure and forestland	—	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

[a] An expected inflation of 2.5% used for this period

[b] An expected inflation of 3.0% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the City’s Miscellaneous plan as of the measurement date, calculated using the discount rate of 7.65%, compared to a discount rate that is 1% age point lower (6.65%) or 1% age point higher (8.65%). Amounts shown below are for the City’s Miscellaneous plan in thousands:

Sensitivity to Net Pension Liability	
Net pension liability	**Total**
1% Decrease (6.65%)	$ 185,995
Current discount rate (7.65%)	124,170
1% Increase ‘(8.65%)	72,934

(b) Postretirement Healthcare Benefits (OPEB)

(i) Plan Description

The Department participates in the City of Long Beach Retiree Health Care plan (the Plan), a single-employer plan administer by the City of Long Beach. The Plan covers all eligible full-time employees of the City. City Council has the authority to establish and amend the benefit terms currently permitted by Ordinance No. C-7556.

(ii) Benefits Provided

The Plan provides health, dental and long-term care insurance for retirees and their dependents as long as (a) that employee participated in a City provided insurance program of that type (PPO or HMO) during the year immediately preceding retirement, (b) has not attained the eligibility age for Medicare payments, and (c) has attained the minimum retirement age for the employee’s retirement plan. Benefits are administered through a third-party provider, and the full cost of the benefits is covered by the Plan.

(iii) Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources Related to OPEB

At September 30, 2016, the Department reported a total OPEB liability of $3.1 million for it's proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2016 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2015. The Departments proportion of the total OPEB liability was based on the Department's share of sick leave balances. At June 30, 2016, the Department's proportion was 6.9%.

For the year ended September 30, 2016, the Department recognized OPEB expense of $257 thousand. At September 30, 2016, the Department reported $86 thousand of deferred outflows of resources related to OPEB from contributions made subsequent to the measurement date. Amounts reported as deferred outflows and deferred outflows related to OPEB from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the year ending September 30, 2017.

(iv) Actuarial Assumptions

The total OPEB liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions.

Valuation date	September 30, 2014, rolled forward to September 30, 2015	
Measurement date	September 30, 2015	
Actuarial cost method	Entry age	
Actuarial assumptions:		
Inflation	3.00 %	
Discount rate	3.76 %	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll increases	Aggregate	3.25 %
	Merit	CalPERS 1997-2011 experience study
Mortality	CalPERS 1997-2011 experience study	
Healthcare trend rate	7.5% to 7.8%	

(v) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current discount rate (in thousands):

		1 Percent decrease (2.76%)	Discount rate (3.76%)	1 Percent increase (4.76%)
Total OPEB liability	$	3,396	3,103	2,836

(vi) Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 5.0% for non-Medicare plans or 6.8% decreasing to 5.0% for Medicare plans) or 1-percentage-point higher (8.5% decreasing to 5.0% for non-Medicare plans or 8.8% decreasing to 5.0% for Medicare plans) than the current healthcare cost trend rates:

		1 Percent decrease (6.5% to 6.8%)	Healthcare cost trend rate (7.5% to 7.8%)	1 Percent increase (8.5% to 8.8%)
Total OPEB liability	$	2,757	3,103	3,508

(c) Termination Benefits

As of September 30, 2016, the City has recorded a liability in the Employee Benefits Internal Service Fund of $135.2 million based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, Accounting for Compensated Absences (GASB 16). The liability takes into account an estimate of future usage, additional leave accumulation, and wage increases for both current retirees and active employees.

The actuarial study assumes an investment return of 4.3% and wage increases of 3.3% per year for safety employees. The $135.2 million long-term portion of the liability is being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds.

For the year ended September 30, 2016, the Department has recorded a liability of $9.3 million as compensated absence, which represents the Department's share of this liability.

(d) Deferred Compensation Plan

The City offers its employees the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457 allowing them to defer or postpone receipt of income. Amounts deferred may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue financial hardship for the employee. Further information regarding the City's deferred compensation plan may be found in the City's Comprehensive Annual Financial Report for the years ended September 30, 2016.

(12) Operating Leases

The major portion of the Department's property is leased to others. Such property includes marine terminal facilities, special-purpose facilities, office and commercial space, and land.

Some marine terminal facilities are leased under agreements that provide the tenants with preferential but not exclusive use of the facilities. Some leases provide for rentals based on gross revenues or, in the case of marine terminal facilities, on annual usage of the facilities. The leases and the preferential assignments generally provide for minimum rentals.

Property under lease at September 30, 2016 consisted of the following (expressed in thousands):

Land	$	477,493
Docks and wharves		658,814
Warehouses and sheds		24,244
Cranes and shiploaders		68,910
Buildings and other facilities		805,937
Infrastructure		1,443,113
Historical cost of leased property		3,478,511
Less accumulated depreciation		(1,521,045)
Book value of leased property	$	1,957,466

The future minimum rental income under noncancelable operating leases having an initial term in excess of one year is as follows (expressed in thousands):

2017	$	332,813
2018		333,106
2019		333,195
2020		327,785
2021		325,160
2022–2026		1,431,811
2027–2031		586,997
2032–2036		414,913
2037 and thereafter		1,213,468
Total	$	5,299,248

(Continued)

(13) Investment in Joint Venture

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The Department and the Harbor Department of the City of Los Angeles (the Ventures) entered into a joint venture agreement to form ICTF for the purposes of financing and constructing an intermodal container transfer facility (the Facility) to transfer cargo containers between trucks and railroad cars. The Facility has been leased to Southern Pacific, now merged with Union Pacific (the Tenant). The Facility was developed by the Tenant who assumed operational responsibility for the Facility. The Ventures' share net income and equity distributions from ICTF equally. The Department's share of the ICTF's net position at September 30, 2016 totaled $5.2 million. Separate ICTF financial statements for the year ended June 30, 2016 can be obtained from the Department.

(14) Commitments and Contingencies

The Department is subject to claims and lawsuits arising from the normal course of business. The City Attorney's office evaluates these claims on a regular basis. Department management may make provision for probable losses if deemed appropriate on advice of legal counsel. To the extent that such provision for damages is considered necessary, appropriate amounts are reflected in the accompanying financial statements. Based upon information obtained from the City Attorney with respect to remaining cases, it is the opinion of management that the estimated liability for unreserved claims and suits will not have a material impact on the financial statements of the Department.

Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. Based on an opinion from legal counsel, the Department reserved a litigation claim liability of $8.6 million for fiscal year 2016, of which $7.6 million relates to construction claims.

Contract commitments and purchase orders for which materials or services were not received at September 30, 2016 aggregated $78.1 million.

(a) Risk Management

The Department currently carries an all-risk property insurance program covering loss or damage by fire and other risks (excluding earthquake and flood) with a loss limit of $1.3 billion. The coverage also includes terrorism exposure. The Department also carries two Builder's Risk insurance programs, which cover property under construction in the Port. One policy, specific to the construction of the Gerald Desmond Bridge replacement, has an overall policy limit of $781.1 million that includes an earthquake limit of $65.0 million. The second policy is a master builder's risk insurance program that covers all other Port of Long Beach construction projects currently underway. The coverage limit for each construction project in this program is equivalent to the contract's contract price. The maximum per project coverage, without express underwriter approval, is $125.0 million, exclusive of earthquake coverage.

To address third-party liability exposure, an excess liability insurance program is carried by the Department with total limits of $150.0 million in excess of $1.0 million self-insured retention. The excess liability insurance program covers the Department's operations and includes acts of terrorism within the $150.0 million limit. In addition, the Department carries specialized insurance policies providing coverage for damage to owned vessels, damage to other vessels, and pollution liability.

The amount of settlements reached by the Department did not exceed the amount of insurance coverage in any of the past three fiscal years.

Following is a summary of insurance coverage for the Department (in thousands):

Insurance coverage for fire and other risks	$	1,323,435
Builder's risk for Gerald Desmond Bridge project		781,122
Builder's risk for other projects		125,000
Comprehensive general liability		150,000
Self-insured retention		1,000

Port tenants, contractors, and vendors are required to carry various types and levels of insurance, including general liability insurance on leased premises. The insurance must include coverage for bodily injury and property damage liabilities, and name the City, its Board of Harbor Commissioners, and the Department's officers and employees as additional insured.

The Department participates in the City's self-insured workers' compensation program. During fiscal years 2016, it made payments to the City's Insurance Fund totaling $1.7 million, for permanent and temporary Department employees. Amounts in the City's Insurance Fund are accumulated to meet losses as they arise.

(b) Potential Obligations Related to the Alameda Corridor Transportation Authority

The Alameda Corridor Use and Operating Agreement was executed by the Department, the Harbor Department of the City of Los Angeles (Port of Los Angeles), ACTA, and the Burlington Northern Santa Fe and Union Pacific Railroads (the railroads) in 1998. This agreement provides for a payment of funds, known as a "Shortfall Advance," to be made, under certain circumstances, to ACTA by the Department and the Port of Los Angeles. Revenues generated by use fees and container charges, paid by the railroads, will be used to pay debt service on ACTA financing, to establish and maintain bond repayment and reserve funds, to establish and replenish a reserve account, and to pay ACTA's reasonable expenses relating to administration of the rail corridor.

To the extent that the revenues from use and container charges are not sufficient to meet ACTA's obligations, the Department and the Port of Los Angeles have agreed to advance the funds necessary to make up the difference. This obligation began after completion of the corridor project and is limited to a total of 40% of the total annual debt service, with the Department and the Port of Los Angeles each responsible for one-half or 20% of the total amount due in such calendar year.

Prior to April 1 of each year, ACTA is required to provide a Notice of Estimated Shortfall Advances and Reserve Account Funding (the Notice); estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. It is anticipated that there will be differences between estimates and actual results; the differences may be material. The most recent Notice date May 25, 2016 indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2017. Any Shortfall Advance made by the Department and the Port of Los Angeles is reimbursable, with interest, by ACTA.

On May 24, 2016 ACTA issued the Series 2016 Bonds and restructured a portion of its debt. It potentially reduced the frequency and amount of future Shortfall Advances.

In 2011 and 2012 the Department funded Shortfall Advances of $2.95 million each year. The balance reimbursable by ACTA of $5.9 million for the previously paid Shortfall Advances remained unchanged as of September 30, 2016.

(c) Gerald Desmond Bridge Replacement Project

The Gerald Desmond Bridge Replacement Project consists of replacing the existing four-lane Gerald Desmond Bridge, which spans the Port's Main Channel, with a new six-lane bridge. Currently, the Gerald Desmond Bridge is only two lanes in each direction with no shoulder and, depending on tide conditions, is too low to accommodate passage of the largest ships. The new bridge is being built with a cable-stayed design under a design-build contract and will feature three lanes in each direction for improved traffic flow, emergency lanes on both the inner and outer shoulders in each direction to reduce traffic delays and safety hazards from accidents and vehicle breakdowns, a 200-foot vertical clearance to accommodate the world's largest vessels, a reduction in the bridge's steep grades, and a bicycle/pedestrian path with scenic overlooks. Additional improvements include reconstruction of the Terminal Island East Interchange and a new interchange with the 710 Freeway. Construction of the new bridge began in 2014 and is expected to be completed by the end of 2018.

The bridge budget is $1.467 billion and is a joint effort between Caltrans and the Department. The Department anticipates that funding of the project will come from numerous sources, including, Federal and State grants, and state sources, but local matching funds will also be required. Commitments from these funding sources total $935.2 million and are available as reimbursement for expenditures on the bridge project. As these expenditures are incurred, amounts eligible for reimbursement from the funding sources are recognized as capital grant revenues in the accompanying statement of revenues, expenses, and change in net position. As of September 30, 2016, the Department has incurred approximately $880.9 million in costs to construct the replacement bridge with an increase of $162.5 million during the year ended September 30, 2016. Of this total amount, approximately $532.4 million has been recognized as capital grant revenue from inception, with $95.7 million reported as part of due from other governmental agencies on the statement of net position as of September 30, 2016.

Upon completion of the Gerald Desmond Bridge Replacement Project, the agreement with Caltrans provides for transfer of ownership of the new bridge to Caltrans assuming all conditions of the agreement are met. Additionally, the Department has agreed to pay Caltrans all operation and maintenance costs with respect to the new bridge for a 30-year period commencing on the date ownership of the new bridge is transferred to Caltrans.

(15) Transfers to the City

The City Council, by authority of City Charter Chapter XII, Section 1209 (c)(4) as amended, and with the approval of the Board of Harbor Commissioners (the Board), adopted a resolution to transfer 5% of the Department's operating revenue to the City's Tidelands Operating Fund. The Department accrued $18.0 million as transfers during fiscal year 2016 to the City Tidelands Fund to be paid in fiscal year 2017. In addition, the Department transferred $660 thousand to the City for a City wide light and power project.

(Continued)

(16) Environmental Mitigation Credits

The Department disbursed $39.4 million in fiscal year 1997 to secure environmental mitigation credits that would allow the Department to complete projects within its complex. The cost incurred in the acquisition of the environmental credits has been classified as a noncurrent asset. The balance of environmental mitigation credits will be adjusted in the future as landfill credits are used for Port development.

Subsequently, an agreement between the Department, the Port of Los Angeles, and several federal and state regulatory agencies provided for the Department's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California. The 38 acres land was purchased for an additional $11.4 million and transferred to the state in return for environmental mitigation credits to allow for the construction of landfill in the outer harbor area.

The Department has utilized $9.6 million of environmental credits for completed capital projects within the port boundaries to date with zero amount utilized in fiscal year 2016. While no further acquisition of environmental credits or utilization of credits has occurred, some existing credits will be used in completing the Middle Harbor project that is underway and projected for completion in fiscal year 2019; other credits will be used in future projects.

(17) Clean Air Action Plan (CAAP)

In 2006, the Long Beach Board of Harbor Commissioners adopted the Green Port Policy, a commitment to reduce the Port's impact on the environment and the community. In 2006, the Long Beach and Los Angeles Boards of Harbor Commissioners approved the San Pedro Bay Clean Air Action Plan (CAAP), which has led to major air-quality successes at both Ports. Diesel particulate matter, nitrogen oxides and sulfur oxides have been reduced by 81% from 2005 levels, based on 2013 emissions studies. The Plan includes the landmark Clean Truck Program (CTP), a successful changeover to a low emission truck fleet; the Green Flag Vessel Speed Reduction Program to reduce air pollution emissions from ships; the building of shore power facilities allowing ships to shut down diesel-fueled auxiliary engines and plug into electric power while at-berth known as cold-ironing and the use of the world's first diesel-electric hybrid tugboats. CAAP revenue is generated predominately from fees paid by drayage truck operators in order to register their trucks and gain access to port terminals. CAAP expenses relate primarily to CTP lease subsidies for certain truck operators, as well the CAAP related administrative costs. The diesel and alternative fuel/LNG trucks financed through CTP 7-year lease subsidy program will come to the end of lease in August 2017. As of September 30, 2016, a total of $2.0 million contingent liability was recorded, of which $1.6 million is for the lease end residual values of 72 returned trucks, and $0.4 million is for 13 trucks in default.

(18) Deferred Outflows/Inflows of Resources

The deferrals of accounting gains and losses are related to cumulative bond refunding activity from current year and prior year bonds. The deferred outflows and deferred inflows of resources related to net pension liability are certain changes in total pension liability and fiduciary net position of the pension plan that are to be recognized in future pension expense.

The schedule of deferrals as of September 30, 2016 (expressed in thousands):

Deferred outflows of resources:		
CalPERS – Loss on debt refunding	$	4,668
Difference of expected and actual investment for pension plan investment		32,351
Pension contribution after measurement date		2,072
CalPERS – change in proportion		2,707
OPEB contributions after measurement date		86
	$	41,884
Deferred inflows of resources:		
Gain on debt refunding	$	3,020
CalPERS – Change in assumptions		2,309
CalPERS – differences between actual and expected experience		6,332
	$	11,661

(19) Port Headquarter Building and Civic Center Project

During fiscal 2016, the Harbor and the City entered into a multi-party Public-Private Partnership (P3) agreement (Project Agreement) with an unrelated third party that will result in the construction of a new headquarters building for the Port of Long Beach (Harbor), City Hall, Main Library, and a revitalized Lincoln Park (the Project). The Project Agreement requires Plenary Edgemoor Civic Partners, LLC (PECP) to arrange for the financing of the Civic Center Project through privately placed taxable debt and equity.

The estimated $522.5 million Project comprises two components; a new $221.8 million new Harbor headquarters building and a $300.7 million City project consisting of a City Hall, new Main Library and revitalized Lincoln Park (City Project Assets). Certain common areas will be jointly owned by both the City and the Harbor. The Project Agreement requires PECP to design, build, operate, and maintain the Civic Center complex.

The new Harbor headquarters building has a scheduled completion/occupancy date of June 2019. Upon occupancy of the Harbor Headquarters building, the Harbor will be required to make a one-time payment of $212.6 million, net of a $9.2 million payment from the City, to PECP. This payment will be made from Harbor cash and investments on hand or possible future borrowings.

The Harbor will also pay PECP for various operating and maintenance and life-cycle replacement costs related to the Harbor Headquarters building and for the Harbor's portion of the jointly owned common areas. These costs, referred to as FM charges, have a fixed component totaling $71 thousand a month and a variable component ranging from zero to $128 thousand a month depending on the scope of lifecycle costs. The FM charges are also to be paid over a 40-year term.

For accounting purposes, due to the build-to-suit nature of the Project Agreement coupled with the Project being constructed on Harbor owned land, the Harbor is deemed to be the owners of the Project during construction. Accordingly, at September 30, 2016, the Harbor has recorded construction-in-progress and a corresponding long-term obligation of $49.1 million for its share of construction contract costs to date.

(20) Subsequent Events

The Department has evaluated subsequent events through March 27, 2017, the date the financial statements were available to be issued.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR RESOLUTION

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

CERTAIN DEFINITIONS

"*Accreted Value*" means, with respect to any Senior Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon from its date, compounded at the approximate interest rate thereof on each date specified therein. The Accreted Value at any date to which reference is made will be the amount set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

"*Accreted Value Table*" means the table denominated as such which appears as an exhibit to, and to which reference is made in, a Supplemental Senior Resolution for any Series of Senior Capital Appreciation Bonds issued pursuant to any such Supplemental Senior Resolution.

"*Assumed Debt Service*" means, with respect to any Excluded Principal Payment for any Fiscal Year (or other designated 12-month period) on or after the Excluded Principal Payment date, the sum of the amount of principal and interest which would be payable in each such Fiscal Year (or other designated 12-month period) if that Excluded Principal Payment were amortized for a period specified by the Board (no greater than thirty (30) years from the date of such Excluded Principal Payment) on a substantially level debt service basis, calculated based on a fixed interest rate equal to the rate at which the City, acting by and through the Board, could borrow (as of the time of calculation) for such period, as certified by a certificate of a financial advisor or investment banker delivered to the Board, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation; provided that with respect to any Excluded Principal Payment secured pursuant to a credit or liquidity instrument which, if drawn upon, would create a repayment obligation which has a lien on Revenues on a parity within the lien of the Senior Bonds, Assumed Debt Service will be the principal and interest which would be payable under the credit or liquidity instrument in the event that the credit or liquidity instrument was drawn upon to pay or purchase all of such Senior Bonds then Outstanding.

"*Board*" means the Board of Harbor Commissioners of the City.

"*Bond Service Fund*" means the Harbor Bond Service Fund established by the Treasurer and maintained pursuant to the Senior Resolution.

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

"*Charter*" means the Charter of the City, as amended from time to time.

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

"*Closing Date*" means June 28, 2017.

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

"*Excluded Principal Payments*" means each payment of principal of Senior Bonds which the Board determines (in the Supplemental Senior Resolution or other document delivered on a date not later than the date of issuance of such Senior Bonds) will be paid with moneys which are not Revenues but from future debt obligations of the City, acting by and through the Board, and any Fiscal Agent may rely conclusively on such determination of the Board. No such determination will affect the security for such Senior Bonds or the obligation of the City, acting by and through the Board, to pay such payments from Revenues or from any reserve fund established under any Supplemental Senior Resolution.

"*Fiscal Agent*" means with respect to the Series 2017 Senior Bonds, U.S. Bank National Association, or its successor thereto. With respect to any other Series of Senior Bonds, "*Fiscal Agent*" means the fiscal agent or paying agent appointed pursuant to the Supplemental Senior Resolution authorizing the issuance of such Series of Senior Bonds.

"*Fiscal Agent Agreement*" means the Fiscal Agent Agreement, to be dated the Closing Date, by and between the City, acting by and through the Board, and the Fiscal Agent, executed and delivered in with respect to the Series 2017 Senior Bonds.

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

"*Fitch*" means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Fitch" will be deemed to refer to any nationally recognized rating agency designated by the Board.

"*Harbor Department*" means the Harbor Department of the City.

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

"*Interest Account*" means the Interest Account of the Bond Service Fund established and maintained pursuant to the Master Senior Resolution.

"*Interest Payment Date*" means, with respect to the Series 2017 Senior Bonds, each May 15 and November 15, commencing November 15, 2017, the dates upon which interest on the Series 2017 Senior Bonds becomes due and payable.

"*Investment Securities*" means, unless otherwise provided in a Supplemental Senior Resolution, any securities in which the City may legally invest, from time to time, funds subject to its control, including, without limitation, (i) shares in money market mutual funds which qualify as investments pursuant to Sections 53601 and 53635 of the Government Code of the State; (ii) shares in money market mutual funds the assets of which would otherwise qualify as investments pursuant to Sections 53601 and

53635 of the Government Code of the State except that such money market mutual funds include in their assets (a) registered warrants, treasury notes or bonds of any state within the United States and/or (b) bonds, notes, warrants or other evidence of indebtedness of any county, city, city and county or other public agency of any state within the United States; (iii) an investment agreement of any maturity with a financial institution or insurance company or insurance holding company which has, at the date of execution thereof, an outstanding issue of unsecured, uninsured and unguaranteed obligations, rated in either of the two highest long-term Rating Categories by Moody's or Standard & Poor's, or in the case of an insurance company has a claims paying ability rated in either of the two highest rating categories by Moody's or Standard & Poor's, or an investment agreement of any maturity with a Person that is a subsidiary of such a financial institution or such an insurance company or such an insurance holding company, provided that such Person's obligations under such investment agreement are absolutely and unconditionally guaranteed by such financial institution or such insurance company or such insurance holding company; (iv) the City's investment pool maintained by the Treasurer in accordance with the City's adopted investment policy; and (v) any other investments permitted under the City's adopted investment policy.

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

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

"*Mandatory Sinking Account Payment*" means, with respect to Senior Term Bonds, the amount required by a Supplemental Resolution to be deposited by the Treasurer in the Principal Account for the payment of the principal of such Senior Term Bonds.

"*Master Senior Resolution*" means Resolution No. HD-1475, adopted by the Board on November 8, 1989, as amended and supplemented.

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

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

(b) if the Senior Bonds are Variable Rate Indebtedness and (i) are secured pursuant to a credit or liquidity instrument which, if drawn upon, could create a repayment obligation which has a lien on Revenues subordinate to the lien of the Senior Bonds or (ii) are not secured by any credit or liquidity instrument, the interest rate on such Senior Bonds for periods when the actual interest rate cannot yet be determined will be assumed to be equal to an interest rate calculated by multiplying 1.20 times the interest rate on the Senior Bonds on the date of calculation or, if such Senior Bonds are not currently Outstanding, 1.20 times the interest rate that such Senior Bonds would bear if they were Outstanding on such date, as certified by a certificate of a financial advisor or investment banker delivered to the Board;

(c) if the Senior Bonds are Variable Rate Indebtedness and are secured pursuant to a credit or liquidity instrument which, if drawn upon, could create a repayment obligation which has a lien on Revenues on a parity with the lien of the Senior Bonds, the interest rate on such Senior Bonds for periods when the actual interest rate cannot yet be determined will be assumed to be equal to the greater of the maximum rate on the credit or liquidity instrument and the maximum rate on the Senior Bonds;

(d) principal and interest payments on Senior Bonds will be excluded to the extent such payments are to be paid from amounts on deposit with the Treasurer, the Fiscal Agent or any other fiduciary in an escrow specifically therefor and to the extent that such interest payments are to be paid from the proceeds of Senior Bonds held by the Treasurer, the Fiscal Agent or any other fiduciary as capitalized interest specifically to pay such interest;

(e) in determining the principal amount due in each Fiscal Year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Senior Bonds on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value will be deemed a principal payment and interest that is compounded and paid as Accreted Value will be deemed due on the scheduled redemption or payment date of such Senior Capital Appreciation Bond: and

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

"*Moody's*" means Moody's Investors Service, Inc., its successors and its assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Moody's" will be deemed to refer to any nationally recognized rating agency designated by the Board.

"*Net Revenues*" means, for any period, the Revenues for such period less Maintenance Costs for such period.

"*Outstanding*" means, when used as of any particular time with reference to Senior Bonds (subject to the provisions of the Master Senior Resolution) all Senior Bonds theretofore, or thereupon being, executed and delivered by the City, acting by and through the Board, and authenticated by the Fiscal Agent for that Series under the Master Senior Resolution except (a) Senior Bonds theretofore cancelled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (b) Senior Bonds with respect to which all liability of the Board has been discharged in accordance with the provisions of the Master Senior Resolution; and (c) Senior Bonds for the transfer or exchange of or in lieu of or in substitution for which other Senior Bonds has been executed and delivered by the City, acting by and through the Board, and authenticated by the Fiscal Agent for that Series pursuant to the Master Senior Resolution.

"*Owner*" or "*Bondholder*" means the person in whose name a Senior Bond is registered.

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

"*Principal Account*" means the Principal Account of the Bond Service Fund established and maintained pursuant to the Master Senior Resolution.

"*Rating Agency*" means Fitch or Moody's or Standard & Poor's, or any other nationally recognized rating agency of municipal obligations.

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

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

"*Redemption Fund*" means the Redemption Fund established and maintained by the Master Senior Resolution with respect to the Senior Bonds.

"*Redemption Price*" means, with respect to any Senior Bond (or portion thereof) the principal amount of such Senior Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Senior Bond, the Master Senior Resolution and the applicable Supplemental Senior Resolution.

"*Revenues*" means all revenues and all money secured or collected for the benefit of and received by the Board from or arising out of the use and operation of the Port, including, without limitation, all tolls, charges, rentals, compensations or fees required to be paid for services, franchises or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for the operation of any public service utility upon lands and waters under the control and management of the Harbor Department and all investment earnings credited to the Harbor Revenue Fund and not required to be credited to a sub-fund, excepting therefrom any revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State.

"*Senior Bond Obligation*" means, as of any given date of calculation, (a) with respect to any Outstanding Senior Current Interest Bond, the principal amount of such Senior Bond, and (b) with respect to any Outstanding Senior Capital Appreciation Bond, the Accreted Value thereof as of the date next preceding such date of calculation on which interest on such Senior Capital Appreciation Bond was compounded (unless such date of calculation is a date on which such interest is compounded in which case as of such date).

"*Senior Bonds*" means any debt obligation of the City, acting by and through the Board, issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Senior Resolution, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes, revolving lines of credit, and other instruments creating an indebtedness of the City, acting by and through the Board, obligations incurred pursuant to an any interest rate swap agreement entered into in connection with Senior Bonds, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and repayment obligations owed to a provider of a credit or liquidity instrument. Senior Bonds includes the Series 2017 Senior Bonds.

"*Senior Capital Appreciation Bonds*" means Senior Bonds on which interest is compounded and paid at maturity or on prior redemption.

"*Senior Current Interest Bonds*" means Senior Bonds which pay interest at least semiannually to the Owners thereof excluding the first payment of interest thereon.

"*Senior Resolution*" means the Master Senior Resolution as amended, modified or supplemented by each Supplemental Senior Resolution, including without limitation, the Twentieth Supplemental Senior Resolution.

"*Senior Term Bond*" means Senior Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Senior Bonds on or before their specified maturity date or dates.

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

"*Series 2017 Projects*" means the projects to be financed in part by proceeds of the Series 2017 Senior Bonds, including among other projects, terminal development projects at Piers D/E/F and Pier G, dredging projects, rail projects, the Harbor Department's new Administration Building, and related facilities and improvements.

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

"*Series 2017 Costs of Issuance Fund*" means the "City of Long Beach, California Harbor Revenue Bonds, Series 2017 Costs of Issuance Fund" established and maintained pursuant to the Twentieth Supplemental Senior Resolution.

"*Series 2017 Rebate Fund*" means the "City of Long Beach, California Harbor Revenue Bonds, Series 2017 Rebate Fund" established and maintained pursuant to the Twentieth Supplemental Senior Resolution.

"*Series 2017A Senior Bonds*" means the "City of Long Beach, California Harbor Revenue Bonds, Series 2017A."

"*Series 2017A Construction Fund*" means the "City of Long Beach, California Harbor Revenue Bonds, Series 2017A Construction Fund" established and maintained pursuant to the Twentieth Supplemental Senior Resolution.

"*Series 2017B Senior Bonds*" means the "City of Long Beach, California Harbor Revenue Bonds, Series 2017B."

“*Series 2017B Construction Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017B Construction Fund” established and maintained pursuant to the Twentieth Supplemental Senior Resolution.

“*Series 2017C Senior Bonds*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017C.”

“*Series 2017C Construction Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017C Construction Fund” established and maintained pursuant to the Twentieth Supplemental Senior Resolution.

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

“*State*” means the State of California.

“*Supplemental Senior Resolution*” means any resolution duly executed and delivered, supplementing, modifying or amending the Senior Resolution.

“*Tax Certificate*” means the Tax Compliance Certificate, to be dated the Closing Date, by the City, acting by and through the Board, with respect to the Series 2017 Senior Bonds.

“*Treasurer*” means the City Treasurer of the City of Long Beach.

“*Twentieth Supplemental Senior Resolution*” means the Supplemental Senior Resolution to be adopted by the Board on June 26, 2017 in connection with the issuance of the Series 2017 Senior Bonds.

“*Underwriters*” means, collectively, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Siebert Cisneros Shank & Co., L.L.C.

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

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

MASTER SENIOR RESOLUTION

Authorization of Senior Bonds

The Master Senior Resolution authorizes the issuance of Senior Bonds, subject to any limitations contained in the Law or imposed by the City or the Board, in an unlimited principal amount and will be issued in Series pursuant to Supplemental Senior Resolutions adopted under the terms and conditions of the Master Senior Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS—Additional Senior Bonds” in the forepart of this Official Statement.

Equality of Security

The Master Senior Resolution constitutes a contract between the City, acting by and through the Board, and the Owners from time to time of the Senior Bonds. The covenants and agreements set forth in the Master Senior Resolution to be performed by or on behalf of the City or the Fiscal Agent will be for the equal and proportionate benefit, security and protection of all Owners of the Senior Bonds, without preference, priority or distinction as to security or otherwise of any Senior Bond over any other Senior Bond by reason of the Series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or in the Master Senior Resolution. Nothing in the Master Senior Resolution prevents additional security being provided to particular Series of Senior Bonds under any Supplemental Senior Resolution.

Establishment of Funds and Accounts

The Harbor Revenue Fund was created pursuant to the Law. The Bond Service Fund was established as a sub-fund within the Harbor Revenue Fund pursuant to a resolution adopted by the Board and is continued by the Master Senior Resolution. The Master Senior Resolution creates a Principal Account and an Interest Account within the Bond Service Fund. The Master Senior Resolution also creates a Redemption Fund.

Application of Funds and Accounts

Flow of Funds. The Law and the Master Senior Resolution require that all Revenues be deposited with the Treasurer and placed in the Harbor Revenue Fund when received. As soon as practicable in each calendar month, the Treasurer will transfer to the Bond Service Fund, amounts sufficient to satisfy the funding requirements of such funds and accounts. See "—Funds and Accounts; Bond Service Fund" below. After making such transfers, the Treasurer will transfer monthly to any reserve fund established under a Supplemental Senior Resolution for a Series of Senior Bonds, upon the occurrence of any deficiency therein, 1/12th of the aggregate amount of each unreplenished prior withdrawal from such reserve fund and the full amount of any deficiency due to any required valuation of the investments in such reserve fund until the balance in that reserve fund is at least equal to the reserve requirement for that Series of Senior Bonds. Any Revenues remaining in the Harbor Revenue Fund after making the foregoing transfers will be used first to pay Maintenance Costs and thereafter may be used for any lawful purpose.

Funds and Accounts; Bond Service Fund. So long as any Senior Bonds are Outstanding, the Treasurer is required by the Senior Resolution to transfer Revenues from the Harbor Revenue Fund to the Interest Account of the Bond Service Fund as soon as practicable in each month an amount equal to (a) at least one-sixth of the aggregate half-yearly amount of interest becoming due and payable on Outstanding Senior Current Interest Bonds (except for Senior Bonds constituting Variable Rate Indebtedness) during the next ensuing six months (excluding any interest for which there is moneys deposited in the Interest Account from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six months), until the requisite half-yearly amount of interest on all such Outstanding Senior Current Interest Bonds (except for Senior Bonds constituting Variable Rate Indebtedness) is on deposit in such account; provided that from the date of delivery of a Series of Senior Current Interest Bonds until the first interest payment date for such Series the amounts so paid with respect to such Series will be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said interest payment date for such Series and (b) 110% of the aggregate amount of interest, estimated by the Treasurer in his or her reasonable judgment, to accrue during that month on all Outstanding Senior Bonds that are Variable Rate Indebtedness; provided, however, that the amount of such deposit into the Interest Account for any month may be reduced by the amount by which the deposit in the prior month for interest estimated to accrue on Outstanding Senior Bonds that are Variable Rate Indebtedness exceeded the actual amount of interest accrued during that month on said Outstanding Senior Bonds that are Variable Rate Indebtedness and further provided that the amount of such deposit into the Interest Account for any month will be increased by the amount by which the deposit in the prior month for interest estimated to accrue on Outstanding Senior Bonds that are Variable Rate Indebtedness was less than the actual amount of interest accrued that month on said Outstanding Senior Bonds that are Variable Rate Indebtedness. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due and payable on the interest payment dates falling within the next six months upon all the Senior Bonds issued and then Outstanding (but excluding any moneys on deposit in the Interest Account from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay interest on any future interest payment dates following such interest payment dates).

Amounts in the Interest Account will be used and withdrawn by the Treasurer solely for the purpose of paying interest on the Senior Bonds as it will become due and payable (including accrued interest on any Senior Bonds purchased or redeemed prior to maturity) and making payments to providers of credit and liquidity enhancement for any Senior Bonds with respect to reimbursement to such providers of interest payments on any Senior Bonds made by such providers.

So long as Senior Bonds are Outstanding, the Treasurer is required by the Senior Resolution to transfer Revenues from the Harbor Revenue Fund to the Principal Account of the Bond Service Fund as soon as practicable in each month an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Senior Bond Obligation becoming due and payable on the Outstanding Senior Bonds of all Series having semiannual maturity dates or semiannual Mandatory Sinking Account Payments due within the next six months, plus (b) one-twelfth of the aggregate yearly amount of Senior Bond Obligation becoming due and payable on the Outstanding Senior Bonds for all Series having annual maturity dates or annual Mandatory Sinking Account Payments due within the next 12 months; provided that if the Board determines by resolution that any principal payments on the Senior Bonds of any Series will be refunded on or prior to their respective due dates or paid or prepaid from amounts on deposit in a reserve fund established and maintained for Senior Bonds of that Series, no amounts need be set aside towards such principal to be so refunded or paid. If during the 12-month period (or six-month period with respect to Senior Bonds having semiannual Mandatory Sinking Account Payments) immediately preceding a Mandatory Sinking Account Payment date, the Treasurer has purchased Senior Term Bonds of the Series and maturity subject to such Mandatory Sinking Account Payment with moneys in the Principal Account, or, during such period and prior to giving notice of redemption, the City has deposited Senior Term Bonds of such Series and maturity with the Fiscal Agent for cancellation, or Senior Term Bonds of such Series and maturity were at any time purchased or redeemed by the Treasurer or the Fiscal Agent from a redemption fund established and maintained with respect to such Series and allocable to said Mandatory Sinking Account Payment, such Senior Term Bonds so purchased or deposited or redeemed will be applied, to the extent of the full principal amount thereof, to reduce amounts required to be deposited in the Principal Account. All Senior Term Bonds purchased from the Principal Account or deposited by the City with the Fiscal Agent for such Series shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Senior Term Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Senior Term Bonds as may be specified by the Board. All Senior Term Bonds redeemed by the Treasurer or the Fiscal Agent from amounts in a redemption fund established and maintained with respect to such Series will be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Senior Term Bonds as may be specified by the Board.

No deposit need be made into the Principal Account so long as there is in such fund, moneys sufficient to pay the Senior Bond Obligation of all Senior Bonds issued and then Outstanding and maturing by their terms or subject to mandatory redemption within the next 12 months.

All amounts in the Principal Account will be used and withdrawn by the Treasurer solely for the purposes of paying the Senior Bond Obligation of the Senior Bonds when due and payable at maturity or upon redemption and making payments to providers of credit and liquidity enhancement for any Senior Bonds with respect to reimbursement to such providers of payments of Senior Bonds made by such providers.

Redemption Fund. All moneys deposited with the Treasurer for the purpose of optionally redeeming Senior Bonds will, unless otherwise directed by the Board, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund will be used and withdrawn by the Treasurer solely for the purpose of redeeming Senior Bonds of any Series, in the manner, at the times and upon the terms and conditions specified in the Supplemental Senior Resolution pursuant to which the series of Senior Bonds was created; provided that, at any time prior to the Fiscal Agent for such Series giving notice of redemption, the Treasurer shall, upon receipt of a request of the Board, apply such amounts to the purchase of Senior Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Senior Current Interest Bonds, accrued interest, which is payable from the Interest Account) as is directed by the Board, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Senior Bonds. All Senior Term Bonds purchase or redeemed from the Redemption Fund will be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Senior Term Bonds as may be specified in a request of the Board.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts held by the Treasurer (including those established pursuant to any Supplemental Senior Resolution, including the Twentieth Supplemental Senior Resolution) will be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Treasurer.

Unless otherwise provided in a Supplemental Senior Resolution, all interest profits and other income received from the investment of moneys in any fund or account, other than any rebate fund established pursuant to any Supplemental Senior Resolution, will be credited to the Harbor Revenue Fund.

The City, acting by and through the Board, may enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Senior Bonds or any portion thereof and the amounts received by the Board on behalf of the City, if any, pursuant to such interest rate swap agreement may be applied to the deposits required under the Master Senior Resolution; in which case, the entity with which the Board on behalf of the City may contract for an interest rate swap is limited to entities the debt securities of which are rated in one of the two highest short-term or long-term debt rating categories by Moody's and S&P. If the Board so designates, amounts payable under the interest rate swap agreement will be secured by Revenues and other assets pledged under the Master Senior Resolution to the Senior Bonds on a parity basis therewith and, in such event, the Treasurer will deposit in the Interest Account, at the times and in the manner provided in the Master Senior Resolution, the amounts to be paid under such interest rate swap agreement, as if such amounts were additional interest due on the Senior Bonds to which such interest rate swap agreement relates, and the Treasurer will pay to the other party to the interest rate swap agreement, to the extent required thereunder, amounts deposited in the Interest Account for the payment of interest on the Senior Bonds with respect to which such agreement was entered into.

Covenants

In addition to the Rate Covenant set forth in the Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS—Rate Covenant" certain other covenants (some of which are summarized below) are set forth in the Senior Resolution.

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

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

Further Assurances. The Board, on behalf of the City, will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Master Senior Resolution and any Supplemental Senior Resolution and for the better assuring and confirming unto the Owners of the Senior Bonds of the rights and benefits provided in the Master Senior Resolution and any Supplemental Senior Resolution.

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

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

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

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

No Sale; Eminent Domain. Except as otherwise provided in the Senior Resolution, the Port will not be mortgaged or otherwise encumbered, sold, leased or pledged, or any charge placed on the Port, or disposed of as a whole or substantially as a whole unless such sale or other disposition can be so arranged so as to provide for a continuance of payments into the Harbor Revenue Fund sufficient in amount to permit payment therefrom of the principal of and interest on and premium, if any, due upon the call and redemption thereof, of the Senior Bonds, payment of which is required to be made out of the Revenues of the Port, and also to provide for such payments into the funds as are required under the terms of the Senior Resolution.

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

Insurance. At all times there will be maintained with responsible insurers or through a program of self-insurance, all such insurance on the Port as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Port is damaged or destroyed, unless the Board determines that restoration would be uneconomical, such part will be restored to use, to the extent it can be so restored, using insurance proceeds and any other moneys available therefor. The money collected from insurance against accident to or destruction of the Port will be used for repairing or rebuilding the damaged or destroyed Port, and to the extent not so applied, will be applied at the option of the Board, to acquire and/or construct improvements and extensions of the Port or to pay or call or redeem Senior Bonds.

Amendments to Senior Resolution

The Senior Resolution and the rights and obligations of the City, the Owners of the Senior Bonds and the Fiscal Agent may be modified or amended from time to time and at any time by a Supplemental Senior Resolution adopted by the Board with the written consent of the Owners of a majority in aggregate amount of Senior Bond Obligation of the Senior Bonds (or, if such Supplemental Senior Resolution is only applicable to a Series of Senior Bonds, the Senior Bonds of that Series) then Outstanding; provided that if such modification or amendment will, by its terms, not take effect so long as any Senior Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Senior Bonds will not be required and such Senior Bonds will not be deemed to be Outstanding for the purpose of any calculation of Senior Bonds; provided further, that if at such time the payment of all the principal of and interest on all Outstanding Senior Bonds of a Series is guaranteed by providers of credit or liquidity enhancement (or both), which will be financial institutions or associations having unsecured debt obligations rated, or incurring or securing other debt obligations rated on the basis of such credit or liquidity enhancement, in one of the two highest rating categories of Moody's or S&P, the consent of the providers of the credit or liquidity enhancement of the Senior Bonds of that Series may be substituted for the required consent of bondholders for such Series.

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

The Senior Resolution and the rights and obligations of the City, of the Fiscal Agent and of the Owners of the Senior Bonds may also be modified or amended from time to time and at any time by a Supplemental Senior Resolution, which the Board may adopt without the consent of any Bondholders but only to the extent permitted by law and only for any one or more of the following purposes: (a) to add to the covenants and agreements of the City in the Senior Resolution thereafter to be observed, to pledge or assign additional security for the Senior Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the City; (b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Senior Resolution, or in regard to matters or questions arising under the Senior Resolution, as the Board may deem necessary or desirable, and which will not materially and adversely affect the interests of the Owners of the Senior Bonds; (c) to modify, amend or supplement the Senior Resolution to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which will not materially and adversely affect the interests of the Owners of the Senior Bonds; (d) to provide for the issuance of a Series of Senior Bonds with such interest rate, payment maturity and other terms as the Board may deem desirable, subject to the provisions of the Master Senior Resolution; (e) to provide for the issuance of Senior Bonds in book-entry form or bearer form, provided that no such provision will materially and adversely affect the interests of the Owners of the Senior Bonds; (f) to make modifications or adjustments necessary, appropriate or desirable to accommodate credit or liquidity enhancements including letters of credit and insurance policies delivered with respect to any reserve fund, and which will not materially and adversely affect the interests of the Owners of the Senior Bonds; (g) to qualify the Senior Bonds or a Series of Senior Bonds for a rating or ratings from a Rating Agency; (h) to accommodate the technical, operational and structural features of Senior Bonds which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the City, acting by and through the Board, from time to time deems appropriate to incur, and which will not materially and adversely affect the interests of the Owners of the Senior Bonds; (i) if the City, acting by and through the Board, has covenanted in a Supplemental Senior Resolution to maintain the exclusion of interest on a Series of Senior Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion; and (j) for any other purpose that does not materially and adversely affect the interests of the Owners of the Senior Bonds.

Defeasance

Except as may be provided in any Supplemental Senior Resolution creating a Series of Senior Bonds, Senior Bonds of any Series may be paid by the City in any of the following ways:

(a) by paying or causing to be paid the Senior Bond Obligations of and interest on all Senior Bonds Outstanding of the Series, as and when the same become due and payable;

(b) by depositing with the Treasurer, the Fiscal Agent, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem all Senior Bonds Outstanding of the Series; or

(c) by delivering to the Fiscal Agent, for cancellation by it, all Senior Bonds then Outstanding of the Series.

Upon the deposit with the Treasurer, the Fiscal Agent, an escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Senior Bond (whether upon or prior to its maturity or the redemption date of such Senior Bond), then all liability of the City, acting by and through the Board, in respect of such Senior Bond will cease, terminate and be completely discharged, provided that the Owner thereof will thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Senior Bonds, and the City will remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment.

The money or securities referenced above must be one or more of the following:

(a) lawful money of the United States of America in an amount equal to the Senior Bond Obligation of such Senior Bonds and all unpaid interest thereon to maturity or redemption, as the case may be; or

(b) direct obligations of the United States of America or bonds or other obligations for which the faith and credit of the United States of America are pledged for the payment of principal and interest, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Fiscal Agent (upon which opinion the Fiscal Agent may conclusively rely), provide money sufficient to pay the Senior Bond Obligation or redemption price and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Senior Bonds to be paid or redeemed.

Proceedings Constitute Contract

The provisions of the Senior Resolution will constitute a contract between the City, acting by and through the Board, and the Bondholders of such Senior Bonds, and the provisions thereof will be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State in any court of competent jurisdiction.

TWENTIETH SUPPLEMENTAL SENIOR RESOLUTION

Fiscal Agent

U.S. Bank National Association has been appointed as Fiscal Agent to act as the agent of the Board for the Series 2017 Senior Bonds. The Fiscal Agent has agreed to perform such duties and only such duties as are specifically set forth in the Twentieth Supplemental Senior Resolution, the Master Senior Resolution and the Fiscal Agent Agreement. The Fiscal Agent has agreed to exercise and use the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Board may remove the Fiscal Agent at any time with or without cause and will remove the Fiscal Agent if at any time the Fiscal Agent ceases to be financially eligible, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Fiscal Agent or its property is appointed, or any public officer takes control or charge of the Fiscal Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation.

The Fiscal Agent may at any time resign by giving written notice of such resignation to the City and the Board and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Fiscal Agent. Upon receiving such notice of resignation, the Board will promptly appoint a successor Fiscal Agent by an instrument in writing.

Any removal or resignation of the Fiscal Agent and appointment of a successor Fiscal Agent will become effective upon acceptance of appointment by the successor Fiscal Agent. If no successor Fiscal Agent will have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Fiscal Agent.

Series 2017 Construction Funds

Pursuant to the Twentieth Supplemental Senior Resolution, the Treasurer is required to establish and maintain funds separate from any other fund established and maintained thereunder or under the Senior Resolution designated as the "City of Long Beach, California Harbor Revenue Bonds, Series 2017A Construction Fund," the "City of Long Beach, California Harbor Revenue Bonds, Series 2017B Construction Fund" and "City of Long Beach, California Harbor Revenue Bonds, Series 2017C Construction Fund." Amounts in the Series 2017 Construction Funds will be disbursed from time to time, upon requisition of the City, acting by and through the Board, to pay the costs, or to reimburse the Harbor Department for costs, incurred in connection with the Series 2017 Projects. Amounts in the Series 2017 Construction Funds will be invested and reinvested in Investment Securities and the earnings upon such accounts will be credited to such fund.

Series 2017 Costs of Issuance Fund

Pursuant to the Twentieth Supplemental Senior Resolution, the Treasurer is required to establish and maintain a fund separate from any other fund established and maintained thereunder or under the Senior Resolution designated as the "City of Long Beach, California Harbor Revenue Bonds, Series 2017 Costs of Issuance Fund." Amounts in the Series 2017 Costs of Issuance Fund will be disbursed from time to time, upon requisition of the Board, to pay the costs of issuance of the Series 2017 Senior Bonds. Amounts in the Series 2017 Costs of Issuance Fund will be invested and reinvested in Investment Securities and the earnings upon such accounts will be credited to such fund.

Series 2017 Rebate Fund

Pursuant to the Twentieth Supplemental Senior Resolution, the Treasurer is required to establish and maintain a fund separate from any other fund established and maintained thereunder or under the Senior Resolution designated as the “City of Long Beach, California Harbor Revenue Bonds, Series 2017 Rebate Fund.” Moneys will be deposited in and transferred to the Series 2017 Rebate Fund and applied therefrom in accordance with the terms and conditions of the Tax Certificate delivered in connection with issuance of the Series 2017 Senior Bonds.

Tax Covenants

The Board has undertaken not to take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Series 2017 Senior Bonds under Section 103 of the Code. The Board will not directly or indirectly use or permit the use of any proceeds of the Series 2017 Senior Bonds or any other funds of the Board, or take or omit to take any action that would cause the Series 2017 Senior Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. The Board has also made certain other tax covenants. The Board has agreed that there will be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to the Code.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City of Long Beach
Long Beach, California

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

City of Long Beach, California
Harbor Revenue Bonds

$101,610,000 **Series 2017A** **(AMT)**	**$25,985,000** **Series 2017B** **(AMT) (Green Bonds)**	**$42,660,000** **Series 2017C** **(Non-AMT)**

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Long Beach, California (the "City"), in connection with the issuance and sale by the City, acting by and through its Board of Harbor Commissioners (the "Board"), of (a) $101,610,000 aggregate principal amount of the City of Long Beach, California Harbor Revenue Bonds, Series 2017A (the "Series 2017A Senior Bonds"), (b) $25,985,000 aggregate principal amount of the City of Long Beach, California Harbor Revenue Bonds, Series 2017B (the "Series 2017B Senior Bonds"), and (c) $42,660,000 aggregate principal amount of the City of Long Beach, California Harbor Revenue Bonds, Series 2017C (the "Series 2017C Senior Bonds," and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the "Series 2017 Senior Bonds"). The Series 2017 Senior Bonds are being issued pursuant to the provisions of Article XII of the Charter of the City (the "Charter"), Chapter 3.52, Division I of the Long Beach Municipal Code (the "Municipal Code"), certain provisions of the Revenue Bond Law of 1941 and Section 54300, et seq., of the Government Code of the State of California (collectively, the "Bond Law"), and Resolution No. HD-1475, adopted by the Board on November 8, 1989, as amended (the "Master Senior Resolution"), as supplemented by Resolution No. HD-______ adopted by the Board on June 26, 2017 (the "Twentieth Supplemental Senior Resolution," and together with the Master Senior Resolution, the "Senior Resolution"). Issuance of the Series 2017 Bonds has been authorized by Resolution No. HD-2881 ("Resolution No. HD-2881"), adopted by the Board on May 16, 2017, and by Resolution No. RES-17-0053 (the "City Resolution") adopted by the City Council of the City on May 23, 2017. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Senior Resolution.

In connection with the issuance of the Series 2017 Senior Bonds, we have examined: (a) copies of the Charter, the Municipal Code and the Bond Law; (b) certified copies of the Senior Resolution, Resolution No. HD-2881 and the City Resolution; (c) an executed copy of the Fiscal Agent Agreement, dated the date hereof, by and between the City, acting by and through the Board, and U.S. Bank National Association, as fiscal agent; (d) certifications of the City, the Board, the Harbor Department of the City and others; (e) an executed copy of the Tax Compliance Certificate, dated the date hereof, relating to the Series 2017 Senior Bonds and other matters (the "Tax Certificate"); (f) the opinion of the City Attorney and the opinions of counsel to U.S. Bank National Association and the Underwriters; and (g) such other documents, opinions and matters as we deemed relevant and necessary rendering the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and the validity against, any parties, other than the City or the Board, thereto. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in this paragraph.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the obligations of the City, acting by and through the Board, the security provided therefor, as contained in the Series 2017 Senior Bonds and the Senior Resolution, may be subject to general principles of equity which permit the exercise of judicial discretion, and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2017 Senior Bonds or the Senior Resolution. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated June 15, 2017, or any other offering material relating to the Series 2017 Senior Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2017 Senior Bonds constitute the valid and binding special limited obligations of the City secured by a pledge of and lien upon and are a charge upon and are payable from the Revenues and certain funds and accounts created under the Charter and the Senior Resolution.

2. The Senior Resolution has been duly adopted by the Board and constitutes the valid and binding obligation of the Board, acting on behalf of the City, enforceable against the Board, acting on behalf of the City, in accordance with its terms. The Senior Resolution creates a valid pledge, to secure the payment of the principal of and interest on the Series 2017 Senior Bonds, of the Revenues and certain amounts on deposit in certain funds and accounts established pursuant to the Charter and the Senior Resolution, subject to the provisions of the Charter and the Senior Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Series 2017 Senior Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts specifically pledged to the payment thereof. The general fund of the City is not liable for the payment of the Series 2017 Senior Bonds or any interest thereon, nor is the credit or the taxing power of the City pledged therefor. An owner of the Series 2017 Senior Bonds may not compel the exercise of the taxing power of the City or the forfeiture of any of its property.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017A Senior Bonds and the Series 2017B Senior Bonds (collectively, the "Series 2017A/B Senior Bonds") is excluded from gross income for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Series 2017A/B Senior Bond for any period during which such Series 2017A/B Senior Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2017A/B Senior Bonds or a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series 2017A/B Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017C Senior Bonds is excluded from gross income for federal income tax purposes. Interest on the Series 2017C Senior Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is included in the federal alternative minimum taxable income of certain corporations which must be increased by 75% of the excess of the adjusted current earnings of such corporation over the federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses) of such corporation.

6. Under existing laws, interest on the Series 2017 Senior Bonds is exempt from present State of California personal income tax.

The opinions set forth in numbered paragraphs 4 and 5 regarding the exclusion of interest from gross income of the recipient is subject to continuing compliance by the Board, the Harbor Department of the City and the City with covenants regarding federal tax law contained in the Senior Resolution and the Tax Certificate. Failure to comply with such covenants could cause interest on the Series 2017 Senior Bonds to be included in gross income retroactive to the date of issue of the Series 2017 Senior Bonds. Although we are of the opinion that interest on the Series 2017 Senior Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Series 2017 Senior Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our engagement with respect to the Series 2017 Senior Bonds has concluded with their issuance, and we disclaim any obligation to update, revise or supplement this opinion.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the City of Long Beach, California, acting by and through its Board of Harbor Commissioners (the "Issuer") in connection with the issuance of $101,610,000 City of Long Beach, California, Harbor Revenue Bonds, Series 2017A (the "Series 2017A Senior Bonds"), $25,985,000 City of Long Beach, California, Harbor Revenue Bonds, Series 2017B (the "Series 2017B Senior Bonds"), and $42,660,000 City of Long Beach, California, Harbor Revenue Bonds, Series 2017C (the "Series 2017C Senior Bonds," and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the "Series 2017 Senior Bonds"), pursuant to the terms of Resolution No. HD-1475, adopted by the Board of Harbor Commissioners of the City of Long Beach, California (the "Board") on November 8, 1989, as amended and supplemented, and Resolution No. HD-______, adopted by the Board on June 26, 2017 (collectively, the "Senior Resolution").

In consideration of the purchase of the Series 2017 Senior Bonds by the Participating Underwriter (as defined below), the Issuer covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Series 2017 Senior Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the Senior Resolution, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Series 2017 Senior Bonds (including persons holding Series 2017 Senior Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2017 Senior Bonds for federal income tax purposes.

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

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

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

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

"*Holders*" means either the registered owners of the Series 2017 Senior Bonds, or if the Series 2017 Senior Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

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

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

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

"*Official Statement*" means the Official Statement, dated June 15, 2017, prepared and distributed in connection with the initial sale of the Series 2017 Senior Bonds.

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

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB and/or the Rule) an Annual Report which is consistent with the requirements of Section 4 hereof by April 30 of each year. The Issuer's first Annual Report shall be due April 30, 2018. Not later than 15 Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Harbor Department may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted by April 30 of each year. If the Issuer's Fiscal Year changes, the Issuer, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Issuer) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) If the Issuer is unable to provide to the MSRB or the Dissemination Agent (if other than the Issuer), an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Issuer) shall confirm in writing to the Issuer that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Issuer's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent Fiscal Year or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Series 2017 Senior Bonds, unless otherwise noted):

(i) The audited financial statements of the Harbor Department for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Harbor Department's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

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

(v) Table 6—Harbor Department of the City of Long Beach, Cargo Summary.

(vi) Table 8—Harbor Department of the City of Long Beach, Sources of Operating Revenues.

(vii) Table 9—Harbor Department of the City of Long Beach, Wharfage Revenues.

(viii) Table 12—Harbor Department of the City of Long Beach, Comparative Summary of Statements of Revenues, Expenses and Changes in Net Position.

(ix) Table 13—Harbor Department of the City of Long Beach, Comparative Statements of Net Position–Assets.

(x) Table 14—Harbor Department of the City of Long Beach, Comparative Statements of Net Position–Liabilities and Net Position.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any Fiscal Year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such Fiscal Year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such Fiscal Year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2017 Senior Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Series 2017 Senior Bonds or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2017 Senior Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes; or

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

Note: for the purposes of the event identified in item 9, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

The Issuer notes that items 2, 3 and 4 are not applicable to the Series 2017 Senior Bonds.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2017 Senior Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2017 Senior Bonds or other material events affecting the tax status of the Series 2017 Senior Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Series 2017 Senior Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Series 2017 Senior Bonds;

5. Non-payment related defaults;

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

7. Appointment of a successor or additional trustee/fiscal agent or the change of name of a trustee/fiscal agent;

(c) The Issuer shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Issuer shall determine if such event would be material under applicable federal securities laws.

(e) If the Issuer learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Issuer shall within ten (10) business days of such occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Sections 5(a)(7) or 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Beneficial Owners and Holders of the affected Series 2017 Senior Bonds pursuant to the Senior Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Series 2017 Senior Bonds, or upon delivery to the Dissemination Agent (if other than the Issuer) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2017 Senior Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

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

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Series 2017 Senior Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2017 Senior Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2017 Senior Bonds in the same manner as provided in the Senior Resolution for amendments to the Senior Resolution with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Series 2017 Senior Bonds.

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

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual

Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Series 2017 Senior Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent (if other than the Issuer), as the case may be, to comply with its obligations under this Certificate; provided that any such Holder or Beneficial Owner may not take any enforcement action without the consent of the Holders of not less than 25% (twenty-five percent) in aggregate principal amount of the Series 2017 Senior Bonds that at the time are Outstanding. A default under this Certificate shall not be deemed a default under the Senior Resolution and the sole remedy under this Certificate in the event of any failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with this Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with this Certificate. No Holder or Beneficial Owner of the Series 2017 Senior Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the provisions of the Senior Resolution. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 Senior Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2017 Senior Bonds, and shall create no rights in any other person or entity.

Section 13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Issuer shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Series 2017 Senior Bonds shall retain all the benefits afforded to them hereunder. The Issuer hereby declares that it would have executed and delivered this Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 14. Governing Law. This Certificate was made in the City of Long Beach and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City of Long Beach, without regard to conflict of law principles. Any litigation, action or proceeding to enforce or interpret any provision of this Certificate or otherwise arising out of, or relating to this Certificate, shall be brought, commenced or prosecuted in a State or Federal court in the County of Los Angeles in the State of California. By its acceptance of the benefits hereof, any person or entity bringing any such litigation, action or proceeding submits to the exclusive jurisdiction of the State of California and waives any defense of forum non conveniens.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this 28th day of June, 2017.

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

By ____
Authorized Representative

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Long Beach, California
Name of Bond Issue:	Harbor Revenue Bonds, Series 2017A
	Harbor Revenue Bonds, Series 2017B
	Harbor Revenue Bonds, Series 2017C
Name of Obligated Person:	Harbor Department of the City of Long Beach, California
Date of Issuance:	June 28, 2017
CUSIP:	542424___

NOTICE IS HEREBY GIVEN that the City of Long Beach, acting by and through its Board of Harbor Commissioners (the "Issuer"), has not provided an Annual Report with respect to the above-named Series 2017 Senior Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated June 28, 2017, by the Issuer. The Issuer anticipates that the Annual Report will be filed by __________, 20__.

Dated: _______________.

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

By: ____
Authorized Representative

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APPENDIX E

AMENDMENTS TO MASTER SENIOR RESOLUTION

Pursuant to Resolution No. HD-2762 adopted by the Board on May 5, 2014 (the "Sixteenth Supplemental Senior Resolution"), the City, acting by and through the Board, amended certain provisions of the Master Senior Resolution (the "Master Senior Resolution Amendments"). By the purchase and acceptance of the Series 2017 Senior Bonds, the Owners and Beneficial Owners of the Series 2017 Senior Bonds are deemed to have consented to the Master Senior Resolution Amendments. The Master Senior Resolution Amendments will not become effective until all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May 7, 2014 (including the Series 2017 Senior Bonds) will be deemed to have consented to and will be subject to the Master Senior Resolution Amendments, but only after all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding.

The Master Senior Resolution Amendments are set forth in this Appendix E. Additions to the Master Senior Resolution are shown in **bold and double underline** and deletions are shown in ~~strikethrough~~.

Section 1.02 – Definitions.

The following definitions are to be amended or added to read as follow:

(a) The definition of "Assumed Debt Service"

"Assumed Debt Service" means, with respect to any Excluded Principal Payment, for any Fiscal Year (or other designated 12-month period) on or after the ~~Excluded Principal Payment~~ date **the Board determines to treat the principal of a Series of Bonds as Excluded Principal Payments,** the sum of the amount of principal and interest which would be payable in each such Fiscal Year (or other designated 12-month period) if that Excluded Principal Payment were amortized for a period specified by the Board (no greater than thirty (30) years from the **stated payment** date of such Excluded Principal Payment) on a substantially level debt service basis, calculated based on a fixed interest rate equal to ~~the rate at which the City, acting by and through the Board, could borrow (as of the time of calculation) for such period, as certified by a certificate of a financial advisor or investment banker delivered to the Board, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation~~ **The Bond Buyer 25-Revenue Bond Index, or any successor or replacement index, for the last week of the month immediately preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the Board;** provided that with respect to any Excluded Principal Payment secured pursuant to a credit or liquidity instrument which, if drawn upon, would create a repayment obligation which has a lien on Revenues on a parity with the lien of the Bonds, Assumed Debt Service shall be the principal and interest which would be payable under the credit or liquidity instrument in the event that the credit or liquidity instrument were drawn upon to pay or purchase all of such Bonds, then Outstanding.

(b) The definition of "Event of Default"

"Event of Default" has the meaning set forth in Section 10.01A hereof.

(c) The definition of "Maximum Annual Debt Service"

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

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

(b) if the Bonds are Variable Rate Indebtedness and (i) are secured pursuant to a credit or liquidity instrument ~~which, if drawn upon, could create a repayment obligation which has a lien on Revenues subordinate to the lien of the Bonds~~; or (ii) are not secured by any credit or liquidity instrument, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to an interest rate calculated, by multiplying 1.20 times the **<u>average SIFMA Index for the six-month period ended no more than one month preceding the date of calculation</u>** ~~interest rate on the Bonds on the date of calculation or, if such Bonds are not currently Outstanding, 1.20 times the interest rate that such Bonds would bear if they were Outstanding on such date, as certified by a certificate of a financial advisor or investment banker delivered to the Board~~;

~~(c) if the Bonds are Variable Rate Indebtedness and are secured pursuant to a credit or liquidity instrument which, if drawn upon, could create a repayment obligation which has a lien on Revenues on a parity with the lien of the Bonds, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of the maximum rate on the credit or liquidity instrument and the maximum rate on the Bonds;~~

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

<u>(d)</u>~~(e)~~ in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Bonds on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond; and

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

(d) The definition of "Port Facilities" or "Port Facility"

"Port Facilities" or "Port Facility" means a facility or group of facilities or category of facilities which constitute or are part of the Port (excluding privately owned or leased property, except for any portion thereof which is governmentally owned or leased and which is a source of Revenues).

(e) The definition of "Revenue"

"Revenues" means all revenues and all money secured or collected for the benefit of and received by the Board from or arising out of the use or operation of the Port, including, without limitation, all tolls, charges, rentals, compensations or fees required to be paid for services, franchises or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for the operation of any public service utility upon lands and waters under the control and management of the Harbor Department and all investment earnings credited to the Harbor Revenue Fund and not required to be credited to a sub-fund, excepting therefrom **(i) Special Facility Revenues, and (ii)** any revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State.

(f) The definition of "SIFMA Index"

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

(g) The definition of "Special Facilities" or "Special Facility"

"Special Facilities" or "Special Facility" means, with respect to the Port, a facility or group of facilities or improvements or category of facilities or improvements which are designated as a Special Facility or Special Facilities pursuant to the provisions of Section 6.12 hereof.

(h) The definition of "Special Facilities Revenue"

"Special Facilities Revenue" means the contractual payments and all other revenues derived by or available to or receivable by the Board from a Special Facility, which are pledged to secure Special Facility Obligations.

(i) The definition of "Special Facility Obligations"

"Special Facility Obligations" means bonds or other debt instruments issued pursuant to a resolution, indenture or other agreement, other than this Master Resolution, to finance Special Facilities and which, except as otherwise provided in Section 6.12 hereof,

are not secured by nor payable from a lien on and pledge of the Revenues but which are secured by revenues derived from Special Facilities located at the Port.

(j) The definition of "United States Bankruptcy Code"

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

Section 6.12 – Special Facilities and Special Facility Obligations.

Section 6.12 will be added to the Master Senior Resolution.

Section 6.12. Special Facilities and Special Facility Obligations. The City, acting by and through the Board, shall be permitted to designate new or existing Port Facilities as Special Facilities as permitted in this Section 6.12. The City, acting by and through the Board, may, from time to time, and subject to the terms and conditions of this Section 6.12, (a) designate a separately identifiable existing facility or improvement or planned facility or improvement as a "Special Facility," (b) pursuant to a resolution, indenture or other agreement, other than this Master Resolution and without a pledge of any Revenues (except as otherwise provided in (d) below), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility or improvement, (c) provide that the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Board from such Special Facility to the extent necessary to make the payments required by clause (1) of the second succeeding paragraph, be "Special Facilities Revenue" and not included as Revenues, unless otherwise provided in any Supplemental Resolution, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue and the proceeds of such Special Facility Obligation set aside exclusively to pay debt service on such Special Facility Obligation (except the Board may, in its sole discretion, determine to make Revenues or such other moneys not included in Revenues available (through a specific pledge or otherwise and subject to any covenants or other provisions of this Master Resolution (including, but not limited to, Sections 3.02, 6.10 and 6.11 hereof) or such other resolutions, indentures or agreements of the Board) to the payment of the principal of and interest on such Special Facility Obligation in such amounts and at such times as may be agreed to by the Board). The City, acting by and through the Board, may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (i) Special Facilities Revenue, which shall include contractual payments derived by the Board under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the City, acting by and through the Board, and another Person, either public or private, as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and (iii) such Revenues or other moneys not included in Revenues made available by the Board as provided in clause (d) of the previous paragraph, if any.

No Special Facility Obligations shall be issued by the City, acting by and through the Board, unless there shall have been filed with each Fiscal Agent a certificate of the President of the Board or the Executive Director stating that:

(1) The estimated Special Facilities Revenue pledged to the payment of the Special Facility Obligations, the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and such Revenues or other moneys made available by the Board pursuant to clause (d) of the first paragraph of this Section 6.12, if any, will be at least sufficient, to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Board and all sinking fund, reserve or other payments required by the resolution or indenture authorizing the Special Facility Obligations as the same become due; and

(2) With respect to the designation of any separately identifiable existing Port Facilities or Port Facility as a "Special Facility" or "Special Facilities", the estimated Revenues and Net Revenues, calculated without including the new Special Facilities Revenue, the proceeds of any Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations or any Revenues or other moneys made available by the Board pursuant to clause (d) of the first paragraph of this Section 6.12, if any, and without including any operation and maintenance expenses of the Special Facility as Maintenance Costs, will be sufficient so that the Board will be in compliance with Section 6.10 hereof during each of the first five complete Fiscal Years immediately following the anticipated closing date of such transaction or financing; and

(3) No Event of Default then exists hereunder.

To the extent Special Facilities Revenue received by the Board during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (1) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute Revenues as determined by the Board.

Notwithstanding any other provision of this Section 6.12, at such time as the Special Facility Obligations issued for a Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Board from such facility shall be included as Revenues.

Section 8.01(A) – Amendments Permitted.

The following paragraph will be added immediately following the last paragraph of Section 8.01(A) of the Master Senior Resolution.

For the purposes of this Section 8.01(A), the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the City, acting by and through the Board, may consent to a modification or amendment permitted by this Section 8.01(A) in the manner provided herein and with the same effect as

a consent given by the Owner of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 8.01(A) shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to this Master Resolution, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the City, acting by and through the Board.

ARTICLE X-A – Defaults and Remedies

Article X-A will be added to the Master Senior Resolution.

ARTICLE X-A

DEFAULTS AND REMEDIES

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

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

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

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

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

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or

state bankruptcy law or similar law for the relief of debtors are instituted by or against the City or the Department and, if instituted against the City or the Department, said proceedings are consented to or are not dismissed within sixty (60) days after such institution; or

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

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

Section 10.02A. Remedies.

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

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

(ii) bring suit upon the Bonds;

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

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

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

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

Section 10.03A. Restoration to Former Position. In the event that any proceeding taken by the Owners to enforce any right under this Master Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Owners, then the City, the Board and the Owners shall be restored to their former positions

and rights hereunder, respectively, and all rights, remedies and powers of the Owners shall continue as though no such proceeding had been taken.

Section 10.04A. Limitation on Right To Institute Proceedings. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless Owners of 25% or more of the principal amount of the Bonds then Outstanding shall have given written notice of an Event of Default as hereinabove provided; it being understood and intended that no one or more of the Owners shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Master Resolution, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners.

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

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

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

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

Supplemental Resolution from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

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

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

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

Section 10.12 – Proceedings Constitute Contract.

Section 10.12 of the Master Senior Resolution will be amended

Section 10.12. Proceedings Constitute Contract. The provisions of this Resolution shall constitute a contract between the City, acting by and through the Board, and the Bondholders of such Bonds, and the provisions hereof and thereof shall be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State in any court of competent jurisdiction.

~~No remedy conferred hereby upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Revenue Bond Law of 1941 or any other law of the State. No waiver of any default or breach of duty or contract by any Bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence~~

~~therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to reinforce any right or exercise any remedy shall be brought or taken and the Bondholder shall prevail, said Bondholder shall be entitled to receive from the Harbor Revenue Fund reimbursement for reasonable costs, expenses, outlays and attorneys' fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholder then, and in every such case, the City and the Bondholder shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.~~

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

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption "—General" below has been provided by DTC. Neither the City nor the Board make any representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2017 Senior Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NONE OF THE CITY, THE BOARD OR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2017 SENIOR BONDS UNDER THE SENIOR RESOLUTION OR THE FISCAL AGENT AGREEMENT, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2017B SENIOR BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2017 SENIOR BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2017 SENIOR BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2017 Senior Bonds. The Series 2017 Senior Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2017 Senior Bond certificate will be issued for each maturity of each Series of the Series 2017 Senior Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Series 2017 Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Senior Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Senior Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Senior Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Senior Bonds, except in the event that use of the book-entry system for the Series 2017 Senior Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Senior Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Senior Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Senior Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Senior Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Senior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Senior Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2017 Senior Bond documents. For example, Beneficial Owners of Series 2017 Senior Bonds may wish to ascertain that the nominee holding the Series 2017 Senior Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2017 Senior Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2017 Senior Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 Senior Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those

Direct Participants to whose accounts the Series 2017 Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2017 Senior Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Senior Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2017 Senior Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2017 Senior Bonds will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but none of the City, the Board, the Harbor Department of the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2017 SENIOR BONDS AND WILL NOT BE RECOGNIZED BY THE FISCAL AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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