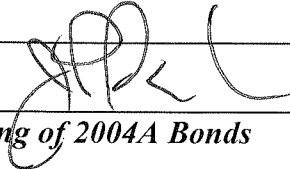


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Alameda Corridor Transportation Authority

April 14, 2016

To:	Governing Board
From:	James P. Preusch, Chief Financial Officer 
Subject:	<i>2016 Bonds – Defeasance and Restructuring of 2004A Bonds (APPROVAL)</i>

Recommendation

Adopt the Resolution of the Governing Board of the Alameda Corridor Transportation Authority.

This Resolution:

- 1) Increases the maximum authorized aggregate principal amount of ACTA's 2016 Bonds (defined below) from \$715,000,000 to \$780,000,000 in order to achieve certain restructuring objectives; Except as otherwise provided therein, approves, confirms and ratifies the authorizations and approvals granted pursuant to the original Resolution adopted by the Governing Board on March 10, 2016 regarding the issuance and sale of Alameda Corridor Transportation Authority Tax Exempt Subordinate and Second Subordinate Lien Revenue Refunding Bonds, Series 2016A and Series 2016B (the 2016 Bonds); and
- 2) Authorizes the execution and delivery, by the Chief Executive Officer of ACTA, or the Chief Financial Officer of ACTA, or their respective designee(s) (each, an "Authorized Authority Representative"), of the Bond Purchase Agreement, Exhibit A in substantially final form, with such changes thereto as the Authorized Authority Representative may require or approve; and
- 3) Authorizes the execution and delivery, by an Authorized Authority Representative, of the Preliminary Official Statement attached hereto substantially in the form as Exhibit B, to be distributed with such changes thereto as the Authorized Authority Representative may require or approve; and
- 4) Authorizes all prior actions taken (a) by any officer or agent of the Authority in connection with or related to the issuance and sale of the Series 2016 Bonds or the defeasance of the Series 2004A Bonds and (b) by the Authority in connection with its authorization of the execution and delivery of, and the performance of its obligations under, the Use and Operating Agreement and the Master Trust Indenture, and its authorization of the performance of its obligations under the Joint Powers Agreement, to be approved, confirmed and ratified; and



5) Authorizes each Authorized Authority Representative, for and in the name of and on behalf of the Authority, to take any and all actions and to execute any and all documents, as may be necessary or desirable to effectuate the purposes of the Resolution, the documents, and contemplated transactions.

Discussion:

On March 10, 2016 the Governing Board adopted Resolution Number JPA-16-2, authorizing (a) the issuance and sale of the Series 2016 Bonds in an aggregate principal amount not to exceed \$715,000,000 for the purposes set forth therein, (b) the refunding and/or restructuring of all or a portion of the Series 2004A Bonds for the purpose of improving alignment of debt service with anticipated revenue and (c) the Authority to evaluate and if deemed appropriate obtain credit enhancement and/or a debt service reserve account surety for the Series 2016 Bonds.

Costs of the transaction such as, but not limited to, insurance, surety fees, transaction fees, rating agency fees, bond and disclosure counsel, offering document preparation and closing would be funded from proceeds of the transaction. Total costs are anticipated to be on the order of \$1,750,000 excluding insurance, surety fees, and underwriting fees and discount.

Principal 2016 Bond Transaction Documents

There are two principal transaction documents related to the 2016 Bond financing that have been updated and revised from the forms presented to the Governing Board at the March 10, 2016 meeting which are attached in substantially final form. These include:

Preliminary Official Statement – provides information about the transaction, the defeasance and restructuring, ACTA, the Ports, and other material information which is necessary in order for potential purchasers of the 2016 Bonds to make informed buying decisions.

Bond Purchase Agreement – an agreement between ACTA and the Underwriters outlining the terms under which the 2016 Bonds would be purchased by the Underwriters, for resale to bondholders. The agreement provides certain terms and conditions (such as a financial or national crisis) which would permit the Underwriters to terminate their obligation to purchase the 2016 Bonds.

Schedule

Following the April 14, 2016 meeting of ACTA’s Governing Board, and assuming approval of the Resolution, the Preliminary Official Statement will be distributed to prospective investors. The 2016 Bonds are expected to be sold to investors during the week of April 25, 2016, and the transaction is expected to close and the 2004A Bonds defeased during the week of May 9, 2016.

Budget Impact

No budget appropriation is necessary at this time.

RESOLUTION NO. JPA-16-3

A RESOLUTION OF THE GOVERNING BOARD OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY RATIFYING AND APPROVING UPDATED AND REVISED FORMS OF CERTAIN PRINCIPAL DOCUMENTS IN CONNECTION WITH THE ISSUANCE AND SALE OF ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY TAX-EXEMPT SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2016A AND TAX-EXEMPT SECOND SUBORDINATE LIEN REVENUE REFUNDING BONDS, SERIES 2016B, AND AUTHORIZING SUCH OTHER ACTIONS AS ARE NECESSARY OR DESIRABLE IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS.

WHEREAS, pursuant to the provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, as amended (the "Joint Powers Act"), the City of Long Beach and the City of Los Angeles, (collectively, the "Cities") entered into the Joint Exercise of Powers Agreement, as amended and restated December 18, 1996 and as further amended on July 1, 2006 (as amended and restated, the "Joint Powers Agreement"), creating the Alameda Corridor Transportation Authority (the "Authority"), a public entity separate and apart from the Cities;

WHEREAS, by Resolution No. 16-2 adopted by the Governing Board of the Authority on March 10, 2016 ("Original Resolution"), the Governing Board of the Authority authorized the issuance and sale of its Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and its Alameda Corridor Transportation Authority Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the "Series 2016B Bonds") in an aggregate principal amount not to exceed \$715,000,000 for the purpose of defeasing a portion of its outstanding \$475,292,386.40 aggregate initial amount of Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A (the "Series 2004A Bonds");

WHEREAS, in order to better achieve its restructuring objectives, the Authority desires to now increase the maximum aggregate principal amount of the Series 2016A Bonds and the Series 2016B Bonds authorized by the Original Resolution; and

WHEREAS, there has been presented to the Governing Board of the Authority updated and revised forms of certain principal documents as described herein to be executed and delivered by the Authority in connection with the issuance of the Series 2016A Bonds and the Series 2016B Bonds and the defeasance of a portion of the Series 2004A Bonds.

NOW, THEREFORE, be it resolved by the Governing Board of the Authority as follows:

1. Except as otherwise set forth in this Resolution, the authorizations and approvals granted pursuant to the Original Resolution are hereby approved, confirmed and ratified.
2. The issuance and sale of the Series 2016A Bonds and the Series 2016B Bonds by the Authority is hereby approved in an aggregate principal amount not to exceed \$780,000,000. The

maximum aggregate principal amount authorized by the Original Resolution is hereby superseded and replaced as set forth in the foregoing sentence.

3. The Bond Purchase Agreement attached hereto as Exhibit A is hereby authorized and approved, in substantially the form attached hereto. The Chief Executive Officer or the Chief Financial Officer of the Authority, or their respective designee(s) in writing (each an “Authorized Authority Representative”), acting individually, is hereby authorized, empowered and directed, for and in the name of and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement, substantially in the form attached hereto as Exhibit A, with such changes thereto as the Authorized Authority Representative executing and delivering such Bond Purchase Agreement may require or approve (with the concurrence of counsel to the Authority), such requirement or approval (and such concurrence) to be conclusively evidenced by the execution and delivery thereof; and to execute and deliver any additional documents, certificates or instruments related thereto; and to take such other actions as may be deemed necessary or desirable in order to effect the purposes of this Resolution. In connection with the negotiation, execution and delivery of the Bond Purchase Agreement, each Authorized Authority Representative is further hereby authorized, empowered and directed to negotiate the purchase price, interest rates, redemption provisions, dated dates, maturity dates, principal amounts and prepayment provisions with respect to the Series 2016A Bonds and the Series 2016B Bonds, and are further authorized to negotiate any and all other terms and agreements related to the issuance of the Series 2016A Bonds and the Series 2016B Bonds, as an Authorized Authority Representative, acting individually, may determine to be in the best interest of the Authority, all to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, however, that (a) the true interest cost of the Series 2016A Bonds and the Series 2016B Bonds to the Authority shall not exceed five percent (5%), and (b) the aggregate underwriters’ discount shall not exceed one and twenty-five hundredths percent (1.25%) of the aggregate par amount of the Series 2016A Bonds and the Series 2016A Bonds.

4. The Preliminary Official Statement (as hereinafter defined) attached hereto as Exhibit B is hereby authorized and approved, in substantially the form attached hereto. The Preliminary Official Statement is to be distributed substantially in the form attached hereto as Exhibit B, with such changes thereto as any Authorized Authority Representative may require or approve (with the concurrence of the counsel to the Authority) (together with all supplements and amendments prior to the execution and delivery of the Bond Purchase Agreement, the “Preliminary Official Statement”), which requirement or approval shall be evidenced by the Authority’s certification, by its execution of the Bond Purchase Agreement, to the effect that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (except for the omission of certain information as permitted by said Rule). Further, each Authorized Authority Representative, acting individually, is hereby authorized, empowered and directed, for and in the name of and on behalf of the Authority, to execute and deliver the final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes thereto as any Authorized Authority Representative executing and delivering the final Official Statement, may require or approve (with the concurrence of counsel to the Authority) (the “Final Official Statement”), such requirement or approval (and such concurrence) to be conclusively evidenced by the execution and delivery thereof; and to execute and deliver any additional documents, certificates or instruments related thereto, and to take such other actions as may be deemed

necessary or desirable in order to effect the purpose of this Resolution. The Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement and the Final Official Statement to persons who may be interested in the purchase of the Series 2016A Bonds and the Series 2016B Bonds, and to deliver the Final Official Statement to the purchasers of the Series 2016A Bonds and the Series 2016B Bonds.

5. All actions heretofore taken (a) by any officer or agent of the Authority in connection with or related to the issuance and sale of the Series 2016A Bonds, the Series 2016B Bonds or the defeasance of the Series 2004A Bonds and (b) by the Authority in connection with its authorization of the execution and delivery of, and the performance of its obligations under, the Use and Operating Agreement and the Master Indenture, and its authorization of the performance of its obligations under the Joint Powers Agreement, are hereby approved, confirmed and ratified.

6. Each Authorized Authority Representative, acting individually, is hereby authorized, empowered and directed, for and in the name of and on behalf of the Authority, to take any and all actions and to execute any and all documents, as may be necessary or desirable to effectuate the purposes of this Resolution and the documents and transactions herein authorized and to comply with the terms of the documents herein authorized.

7. This Resolution shall take effect immediately. The Secretary shall certify to the adoption of this Resolution by the Authority and shall cause a copy of this Resolution to be transmitted to the Board of Harbor Commissioners of the City of Long Beach and to the Board of Harbor Commissioners of the City of Los Angeles.

I hereby certify that the foregoing resolution was adopted by the Authority at its meeting this 14th day of April, 2016 by the following vote:

Ayes: _____

Noes: _____

Absent: _____

Not Voting: _____

ATTEST:

By: _____
Secretary of Alameda Corridor
Transportation Authority

APPROVED:

By: _____
Authority Co-General Counsel

Exhibit A

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

\$ _____
TAX-EXEMPT SUBORDINATE LIEN
REVENUE REFUNDING BONDS, SERIES
2016A

\$ _____
TAX-EXEMPT SECOND SUBORDINATE
LIEN REVENUE REFUNDING BONDS,
SERIES 2016B

BOND PURCHASE AGREEMENT

_____, 2016

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative (the "Representative") of the underwriters listed in Schedule 1 hereto (collectively with the Representative, the "Underwriters"), hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Alameda Corridor Transportation Authority (the "Authority"), whereby the Underwriters will purchase and the Issuer will sell the Bonds (as defined and described below). The offer made hereby is subject to receipt by the Underwriters of (i) the documents referred to in Paragraph 5 hereof and (ii) the letters of representation, dated the date hereof and in the forms attached hereto as Exhibits A through D (collectively, the "Letters of Representation"), from BNSF Railway Company ("BNSF"), the Union Pacific Railroad Company ("Union Pacific" and together with BNSF, the "Railroads"), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the "Port of Los Angeles"), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the "Port of Long Beach" and together with the Port of Los Angeles, the "Ports"), and is subject to acceptance by the Authority by execution and delivery of this Purchase Agreement to the Representative at or prior to 5:00 P.M., Los Angeles time, on the date first above written. If such documents are not received or if this offer is not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to the Chief Financial Officer and Chief Executive Officer of the Authority by the Representative at any time prior to such receipt and the acceptance hereof by the Authority. Upon the receipt of such documents and the acceptance of this offer in accordance with the terms hereof, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Authority and the Underwriters.

Capitalized terms in this Purchase Agreement that are not otherwise defined shall have the meanings given to such terms in the Indenture herein after mentioned.

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations and agreements hereinafter set forth, the Underwriters hereby agree, jointly and severally, to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriters for such purpose, all (but not less than all) of \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), and \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds” and together with the Series 2016A Bonds, the “Bonds”), to be dated the date of the Closing hereinafter mentioned and to mature (subject to prior redemption) on the dates and in the principal amounts and be subject to the redemption at the times and at the prices and bear interest at the rates per annum set forth in Schedule 2 attached hereto.

[Payment when due of the principal of and interest on the Series 2016A Bonds maturing on October 1 of the years [___ through ___, inclusive] and on the Series 2016B Bonds maturing on October 1 of the years [___ through ___, inclusive] (collectively, the “Insured Bonds”), shall be insured by [_____] (the “Insurer”).]

The aggregate purchase price for the Series 2016A Bonds (the “Series 2016A Purchase Price”) shall be \$_____ (representing the aggregate principal amount of the Series 2016A Bonds, plus original issue premium of \$_____, less original issue discount of \$_____ and less Underwriters’ discount of \$_____). The aggregate purchase price for the Series 2016B Bonds (the “Series 2016B Purchase Price” and together with the Series 2016A Purchase Price, the “Purchase Price”) shall be \$_____ (representing the aggregate principal amount of the Series 2016B Bonds, plus original issue premium of \$_____, less original issue discount of \$_____ and less Underwriters’ discount of \$_____).

2. The Bonds. The Bonds shall be issued under and secured by a Master Trust Indenture, dated as of January 1, 1999 (the “Master Indenture”), as supplemented and amended by the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture and the Fourth Supplemental Trust Indenture, each dated as of January 1, 1999, the Fifth Supplemental Trust Indenture, dated as of June 1, 2003, the Sixth Supplemental Trust Indenture and the Seventh Supplemental Trust Indenture, each dated as of February 1, 2004, the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, the Ninth Supplemental Trust Indenture, dated as of February 1, 2013 (collectively, the “Prior Supplemental Indentures”), and by the Tenth Supplemental Trust Indenture and the Eleventh Supplemental Trust Indenture, each to be dated as of _____, 2016 (the “Tenth Supplemental Indenture” and the “Eleventh Supplemental Indenture,” respectively, and the Master Indenture, as supplemented and amended by the Prior Supplemental Indentures and by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500 thereof (the “Act”). The execution and delivery by the Authority of the Master Indenture and the Prior Supplemental Indentures were authorized by the Governing Board of the Authority (the “Board”) pursuant to Resolution No. JPA-26-98, adopted by the Board on October 14, 1998, as supplemented by Resolution No. JPA-30-98, adopted by the Board on December 17, 1998, Resolution No. JPA-3-03, adopted by the Board on July 10, 2003,

Resolution No. JPA-1-04, adopted by the Board on February 5, 2004, Resolution No. JPA-12-1, adopted by the Board on June 14, 2012, Resolution No. JPA-12-3, adopted by the Board on November 8, 2012, and Resolution No. JPA-13-1, adopted by the Board on January 10, 2013 (collectively, the “Prior Resolutions”). The issuance of the Bonds and the execution and delivery by the Authority of the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture were authorized by the Board pursuant to Resolution No. JPA-16-2, adopted by the Board on March 10, 2016, and Resolution No. JPA-16-___, adopted by the Board on April ___, 2016 (together, the “Series 2016 Resolutions” and the Series 2016 Resolutions together with the Prior Resolutions, the “Resolutions”).

The Series 2016A Bonds are being issued to, among other purposes, (i) refund [and/or defease to maturity] a portion of the Authority’s outstanding Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A (the “Refunded Bonds”); (ii) [purchase a debt service reserve fund surety policy (the “Reserve Account Surety Policy”)]; [(iii) purchase a municipal bond insurance policy (the “Bond Insurance Policy”) for the Insured Bonds]; and (iv) pay costs of issuing the Bonds.

3. Authority of Representative; No Fiduciary Relationship.

(a) The Representative has been duly authorized by the Underwriters to execute this Purchase Agreement and to act hereunder by and on behalf of the Underwriters.

(b) The Authority acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the Authority and the Underwriters and the Underwriters have financial and other interests that differ from those of the Authority; (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Authority and have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated herein and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); and (iii) the Authority has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

4. Purchase. It shall be a condition to the Authority’s obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters’ obligations to purchase, to accept delivery of and to pay for the Bonds at the Closing that the entire aggregate principal amount of the Bonds referred to in Paragraph 1 shall be issued, sold and delivered by the Authority and purchased, accepted and paid for by the Underwriters.

5. Preliminary Official Statement; Official Statement; Verification Report; and Accountants’ Letter.

(a) In connection with the public offering and sale of the Bonds, the Authority hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement relating to the Bonds, dated _____, 2016, and including the cover page, the Appendices thereto and any documents incorporated therein by

reference, the “Preliminary Official Statement”). The Authority has “deemed final” and hereby deems final the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12. [For purposes of this Purchase Agreement, the printed paper form of the Preliminary Official Statement is deemed controlling.] The Representative and the Authority each confirms it agreed to the preparation and distribution of the Preliminary Official Statement in printed and electronic form.

(b) Prior to or simultaneously with the execution and delivery of this Purchase Agreement, the Authority shall have delivered to the Representative one copy of the final Official Statement of the Authority with respect to the Bonds, signed by the Authority’s Chief Executive Officer or by his authorized designee and dated as of the date hereof, substantially in the form of the Preliminary Official Statement, with the addition of the pricing information and only such other changes as shall have been accepted by the Representative (such Preliminary Official Statement, with the addition of the pricing information and such other changes (which additions and changes may be handwritten) and including the Appendices thereto and any documents incorporated therein by reference being hereinafter called the “Official Statement”). The Authority shall provide to the Underwriters within seven (7) business days after the date of this Purchase Agreement, but in any event at least three (3) business days prior to the date of the Closing and in sufficient time to accompany any confirmation that requests payment from any customer and in sufficient time to enable the Underwriters to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board (the “MSRB”), printed, conformed copies of the Official Statement in the quantities requested by the Underwriters to enable the Underwriters to comply with the requirements of the MSRB and Rule 15c2-12, provided, that the Underwriters shall be responsible for paying the costs of printing Official Statements in excess of 500. The Authority authorizes the Representative to file the Official Statement with the MSRB through its Electronic Municipal Market Access System (“EMMA”) within one (1) business day after receipt of printed copies of the Official Statement and if any amendments or supplements to the Official Statement are prepared by the Authority and delivered to the Underwriters in accordance with Paragraph 7(e), the Authority authorizes the Representative to make required filings of such amendments or supplements to the Official Statement with the MSRB or its designee. For purposes of this Purchase Agreement, the printed paper form of the Official Statement is deemed controlling. The Authority hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (“SEC”). The Authority and the Representative each confirms that it does not object to the distribution of the Official Statement in electronic form. The Authority hereby authorizes and approves the use and distribution by the Underwriters of the Official Statement in connection with the public offering and sale of the Bonds.

(c) On the date of this Purchase Agreement, the Authority shall deliver or cause to be delivered to the Underwriters verbal confirmation from Causey Demgen & Moore P.C., the verification agent (the “Verification Agent”), as to the adequacy of the escrow for the refunding and/or defeasance to maturity of the Refunded Bonds.

(d) On or prior to the date of this Purchase Agreement, the Authority shall deliver or cause to be delivered to the Underwriters one copy of the letter of Moss Adams LLP,

dated _____, 2016, in form and substance satisfactory to the Representative consenting to the inclusion of the audited financial statements of the Authority and Moss Adams LLP's report thereon in Appendix A to the Preliminary Official Statement and to references to its name and to its report in the Preliminary Official Statement.

(e) [On or prior to the date of this Purchase Agreement, the Authority shall deliver or cause to be delivered to the Underwriters one copy of the letter of [Mercator] (the "Ports' Independent Consultant"), dated _____, 2016, in form and substance satisfactory to the Representative consenting to the inclusion of its report entitled *San Pedro Bay Long-Term Unconstrained Cargo Forecast* (the "Independent Cargo Report") in Appendix [] to the Preliminary Official Statement and to references to its name and to its report in the Preliminary Official Statement.]

6. Offering. The Underwriters intend to make a *bona fide* public offering of all of the Bonds at prices not in excess of the initial public offering prices or at yields not lower than the yields set forth on the inside front cover of the [printed paper form of the] Official Statement; provided that the Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into unit investment trusts), money market funds (including money market funds sponsored or managed by the Underwriters) and others at prices lower than the initial public offering prices or at yields higher than the initial yields set forth in the Official Statement and provided that the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those that otherwise would prevail in the open market and may discontinue such stabilizing at any time without prior notice. Following the execution hereof and subject to the foregoing, the offering prices or yields may be changed from time to time by the Underwriters without prior notice. The Representative shall provide to the Authority a certificate setting forth the offering prices of the Bonds in substantially the form set forth in Exhibit [].

7. Representations and Agreements of the Authority. The Authority represents to and agrees with the Underwriters that, as of the date hereof and as of the date of the Closing:

(a) (i) the Board has full legal right, power and authority to adopt the Series 2016 Resolutions; (ii) the Authority has full legal right, power and authority (A) to accept the Letters of Representation and to enter into and to execute and deliver this Purchase Agreement, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Tax and Compliance Certificate, to be dated the date of Closing (the "Tax Certificate"), the Escrow Agreement, to be dated as of _____, 2016 (the "Escrow Agreement"), between the Authority and U.S. Bank National Association, as escrow agent ("Escrow Agent"), and the Continuing Disclosure Certificate, to be dated the date of Closing (the "Continuing Disclosure Certificate" and together with the Purchase Agreement, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, and the Tax Certificate and the Series 2016 Resolutions, the "2016 Documents" and together with the Indenture, the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended by the First Amendment to Alameda Corridor Use and Operating Agreement, dated as of July 5, 2006 (collectively, the "Use and Operating Agreement"), among the Authority, the Railroads and the Ports, and the DTC Letter of Representations mentioned below, the "Transaction Documents"), and to comply with all terms and conditions thereof, to collect and pledge the Revenues to the payment of the Bonds

as provided in the Indenture, to collect and apply the M & O Charges (as defined in the Use and Operating Agreement) and to observe, perform and consummate the covenants, agreements and transactions provided for in the Series 2016 Resolutions, the Indenture, this Purchase Agreement and the other Transaction Documents and in the agreements listed in Schedule 3 hereto (the “Operating Agreements” and together with the Transaction Documents, the “Authority Documents”) and described in the Preliminary Official Statement and in the Official Statement; (B) to operate the Rail Corridor; and (C) to issue the Bonds for the purposes described in the Official Statement and in the Indenture and to issue, sell and deliver the Bonds to the Underwriters as provided herein; (iii) by all necessary official action, the Authority has authorized, ratified, approved and “deemed final” the Preliminary Official Statement and has duly authorized and approved the Official Statement, has authorized the execution of the Official Statement, has approved and ratified the delivery of the Preliminary Official Statement and the Official Statement to the Underwriters, the distribution of the Preliminary Official Statement by the Underwriters to potential purchasers of the Bonds and the distribution of the Official Statement by the Underwriters to potential purchasers and purchasers of the Bonds; and (iv) the Authority has duly executed the Official Statement.

(b) the Board has duly adopted the Resolutions at meetings duly noticed, called and held pursuant to applicable law and at each of which a quorum was present and acting throughout, and the Resolutions are in full force and effect and have not been amended, modified, rescinded or repealed; the Authority Documents are in full force and effect and have not been amended except as described in the Official Statement; by all necessary official action, the Authority has duly authorized and approved the issuance and sale of the Bonds, the execution and delivery of, and the observance and performance by the Authority of its covenants and agreements contained in, this Purchase Agreement and the other Authority Documents, and the consummation by it of all other transactions contemplated therein to have been performed or consummated at or prior to the Closing; and the Authority has complied, and at the Closing will be in compliance in all respects, with its obligations in connection with the issuance of the Bonds on its part contained in the Authority Documents;

(c) the Preliminary Official Statement was as of its date, and is, as of the date hereof, true and correct, with the exception of information relating to the pricing and sale of the Bonds and other information permitted to be omitted pursuant to the Rule, deemed final pursuant to Rule 15c2-12 and other than information concerning The Depository Trust Company (“DTC”) and its book-entry system, the Insurer, the City of Los Angeles, California (the “City of Los Angeles”) and the City of Long Beach, California (the “City of Long Beach” and together with the City of Los Angeles, the “Cities”) and information under the headings “INTRODUCTION—The Ports” and “—The Railroads,” “THE PORTS,” “THE RAILROADS,” [“THE SERIES 2016 BOND INSURER,”] “RATINGS” (with respect to the ratings assigned to the Insurer), “FINANCIAL STATEMENTS” (with respect to information about the Ports), “CONTINUING DISCLOSURE—The Authority and the Ports” (with respect to information about the Ports) and “—The Railroads” and “UNDERWRITING” and in Appendices B, C, D, F, G, [I and J] (as to all of which no representation is made) and did not, as of its date, and does not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) the Official Statement is as of its date, and will be, as of the date of Closing, true and correct, other than information concerning DTC and its book-entry system, the Insurer, the prices or yields on the Bonds stated on the inside front cover of the Official Statement, CUSIP numbers and the Cities and information under the headings “INTRODUCTION—The Ports” and “—The Railroads,” “THE PORTS,” “THE RAILROADS,” [“THE SERIES 2016 BOND INSURER,”] “RATINGS” (with respect to the ratings assigned to the Insurer), “FINANCIAL STATEMENTS” (with respect to information about the Ports), “CONTINUING DISCLOSURE—The Authority and the Ports” (with respect to information about the Ports) and “—The Railroads” and “UNDERWRITING” and in Appendices B, C, D, F, G, [I and J] (as to all of which no representation is made), and does not as of the date hereof and will not as of the date of Closing contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and if the Official Statement is supplemented or amended pursuant to Paragraph 7(e), the Official Statement, as so amended or supplemented, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation is or will be made as to the information contained in the Official Statement, as so amended or supplemented, regarding DTC and its book-entry system, the Insurer, the Cities, the prices or yields on the Bonds stated on the inside front cover of the Official Statement, CUSIP numbers, and information under the headings “INTRODUCTION—The Ports” and “—The Railroads,” “THE PORTS,” “THE RAILROADS,” [“THE SERIES 2016 BOND INSURER,”] “RATINGS” (with respect to the ratings assigned to the Insurer), “FINANCIAL STATEMENTS” (with respect to information about the Ports), “CONTINUING DISCLOSURE—The Authority and the Ports” (with respect to information about the Ports) and “—The Railroads” and “UNDERWRITING” and in Appendices B, C, D, F, G, [I and J]);

(e) (A) if, between the date of this Purchase Agreement and the earlier of (i) 90 days following the “end of the underwriting period” (as such term is defined in Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the end of the underwriting period, any event shall occur or any new or pre-existing fact or condition shall become known that might or that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall promptly notify the Underwriters thereof and if, in the reasonable opinion of the Representative or the Authority, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority at its expense will supplement or amend the Official Statement and shall provide to the Underwriters copies of such amendment or supplement in quantities sufficient to enable the Underwriters to comply with the rules of the MSRB; and, in connection with any such event or any such amendment or supplement, the Authority agrees to provide to the Underwriters prior written notice of any such supplement or amendment and to provide or to cause to be provided such additional certificates and opinions of counsel as the Representative shall request to evidence the accuracy and completeness of the Official Statement, including any amendment or supplement thereto, and (B) between the date of this Purchase Agreement and the end of the underwriting period, the Authority shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented

or amended without prior written notice to the Underwriters. The Authority may assume that the end of the underwriting period has occurred at the time of the Closing unless the Representative or another Underwriter notifies the Authority in writing on or prior to the Closing that there exists an unsold balance of the Bonds for sale to the public, in which case the end of the underwriting period shall be 25 days after the Closing;

(f) the Authority is a validly existing joint powers authority of the State of California (the “State”) established under the Act;

(g) between the date hereof and at the time of Closing[, except as disclosed in the Preliminary Official Statement and in the Official Statement], the Authority will not without the prior written consent of the Representative offer or issue any bonds or securities with a lien on Revenues on a parity with or superior to the lien of the Bonds, or offer or issue to any party other than the Underwriters any bonds or securities in lieu of the Bonds and will not, without prior written consent of the Representative, offer or issue any other bonds, notes or other obligations for borrowed money or incur any other material liabilities, direct or contingent, other than in the ordinary course of its business;

(h) the Authority is not in breach of or in default under any of the Transaction Documents, the effects of which would affect the financial or business operations of the Authority, the security for the Bonds or the Authority’s ability to pay the Bonds, and the Authority is not in material breach of or in material default under any of the other Authority Documents; the Authority is not in material breach of or in material default under (A) any applicable constitutional provision, law or administrative regulation of the State or the United States of America or any agency or instrumentality of either or any applicable judgment or decree or (B) any other loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the Authority is, or on the date of the Closing will be, a party or to which the Authority or any of its properties or assets is otherwise subject; and no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a breach of or default under the Transaction Documents or a material breach of or default or event of material default under any other such agreement, law, regulation or instrument, or that would constitute a breach of or a default or an event of default under the Indenture, the Bonds, the Use and Operating Agreement or this Purchase Agreement; the adoption of the Series 2016 Resolutions, the issuance, sale and delivery of the Bonds, and the execution and delivery of this Purchase Agreement, the other 2016 Documents and the Bonds and the observance and performance of the provisions thereof will not conflict with or constitute a breach of or default by the Authority under any constitutional provision, law, administrative regulation, judgment, court decree, loan agreement, indenture, bond, note, resolution, or other material agreement or instrument to which the Authority is subject, or by which it or any of its properties is bound, nor will any such adoption, execution, delivery, observance or performance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever by the Authority upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Bonds, the Indenture and the Series 2016 Resolutions;

(i) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending with respect to

which the Authority has been served with process or, to the best of the Authority's knowledge after due investigation, threatened, against the Authority affecting the existence of the Authority or the Board or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection by the Authority of Revenues pledged or to be pledged to pay the principal of and premium, if any, and interest on the Bonds or the pledge thereof or the application of the proceeds of the sale of the Bonds or the collection and application of M & O Charges, or contesting or affecting the powers of the Authority with respect to, or the validity or enforceability of, or any authority for, any of the Transaction Documents or contesting the powers of the Authority or any authority of the Authority for the issuance of the Bonds or the adoption of the Series 2016 Resolutions or the execution and delivery of the 2016 Documents or performance by the Authority of its obligations under the 2016 Documents and the other Transaction Documents, or seeking to restrain or enjoin or otherwise to affect the operation of the Rail Corridor, or contesting the tax-exempt status of the interest on the Bonds, or contesting or challenging the consummation of the transactions contemplated in the Transaction Documents or any of its obligations under the Transaction Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or, [except as disclosed in the Preliminary Official Statement and in the Official Statement under the heading "THE RAIL CORRIDOR AND RELATED PROJECTS—Environmental Considerations—Dominguez Channel Oil Release and Encroachment,"] **[UNDER REVIEW BY ACTA CO-GENERAL COUNSEL]** that might result in a material adverse change in the operations of the Rail Corridor or in the financial condition of the Authority or its ability to pay the Bonds, nor, to the best knowledge of the Authority, is there any basis for any action, suit proceeding, inquiry or investigation of the nature described in this clause; [the Authority shall advise the Representative promptly of the institution of any legal or regulatory proceedings of which its Co-General Counsel is aware prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering or sale of the Bonds;]

(j) the Authority shall furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as may be requested: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Underwriters and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and shall cooperate with the Underwriters to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to execute any general or special consents to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction;

(k) the Bonds, if and when issued and delivered in accordance with the Indenture and the Series 2016 Resolutions and sold to the Underwriters as provided herein, and this Purchase Agreement and the other 2016 Documents when executed and delivered, will be legal, valid and binding obligations of the Authority, enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization,

moratorium and other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought and to the limitations on the exercise of legal remedies against public agencies in the State of California; the owners of the Bonds will be entitled to the benefits of the Indenture; upon such issuance and delivery of the Bonds, the Indenture will provide, for the benefit of the owners from time to time of the Bonds, a legally valid and binding lien and charge upon Revenues, and none of the Ports, the Railroads or any creditor of any of them have or shall have any claim on payments made or to be made under the Use and Operating Agreement or to any other Revenues except as specifically provided and subject to the terms and conditions of the Indenture;

(l) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, court, board, agency or commission having jurisdiction of the matter which are required to be obtained by the Authority for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due observance and performance by the Authority of its obligations in connection with, the issuance and sale of the Bonds under the Indenture and this Purchase Agreement, the execution and delivery of the 2016 Documents, the operation of the Rail Corridor, or the performance by the Authority of its obligations under the Transaction Documents, have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made; and all approvals, consents and authorizations related to the issuance and sale of the Bonds and the performance by the Authority of its obligations under the Indenture required to have been obtained pursuant to the Transaction Documents from the Ports, the Railroads and any other person have been obtained;

(m) the financial statements and other historical financial information of the Authority contained in the Preliminary Official Statement and in the Official Statement fairly present the financial position of the Authority as of the dates indicated and the results of its operations, for the periods therein specified, and, as described independent auditor's report, are in conformity with generally accepted accounting principles applicable to the Authority applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Authority since the respective dates;

(n) any certificate signed by any official of the Authority and delivered to the Representative or to the Underwriters pursuant hereto or in connection herewith shall be deemed to be a representation by the Authority (and not of such official in his or her individual capacity) to each of the Underwriters as to the statements made therein;

(o) the Authority has never defaulted in the payment of principal of or interest on any of its debt obligations;

(p) the Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer upon whose arbitrage certificates a bondowner may not rely;

(q) within the past five years, the Authority has not failed to comply in any material respects with its past continuing undertakings pursuant to Paragraph (b)(5) of Rule 15c2-12;

(r) in order to assist the Underwriters in complying with Rule 15c2-12, the Authority will undertake, pursuant to the Indenture and the Continuing Disclosure Certificate, the form of which is included in the Preliminary Official Statement and in the Official Statement as Appendix H, to provide certain annual financial information and to provide notices upon the occurrence of certain events;

(s) the Authority has obtained or caused to be obtained all insurance policies required under the Authority Documents for the Project (as defined in the Indenture), and the premiums thereon have been paid, and the Authority will obtain or cause to be obtained all other insurance policies as and when required under the Authority Documents;

(t) the Authority has obtained all material permits required to be obtained for the Project, all of which are in full force and effect, and the Authority has no reason to believe that the permits that cannot be obtained for the Project as of the date hereof or that must be renewed in the future will not be obtained or renewed when required; and

(u) since the date of the latest audited financial statements included in the Preliminary Official Statement and in Official Statement, the Authority has not sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement; and there has not been any material change in the long-term debt of the Authority or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position or results of operations of the Authority, other than as disclosed in the Preliminary Official Statement and in the Official Statement.

8. Closing. At [7:30] A.M., Los Angeles time, on _____, 2016, or at such other date and time as shall have been mutually agreed upon by the Authority and the Representative, and subject to the terms of this Purchase Agreement, the Authority shall deliver or cause to be delivered: (i) to DTC (or to the Trustee in accordance with DTC's Fast Automated Securities Transfer System), the Bonds in definitive form duly executed by the Authority as described below; and (ii) to the Underwriters at the offices of O'Melveny & Myers LLP ("Bond Counsel") in Los Angeles, California (or at such other location as may be designated by the Representative and approved by the Authority), the other documents noted in Paragraph 9(e) hereof, and subject to the terms and conditions contained herein, the Underwriters shall accept such delivery and pay to the Trustee for the account of the Authority the Purchase Price of the Bonds in immediately available funds. Such payment and delivery is referred to herein as the "Closing."

The Representative shall order CUSIP identification numbers, and the Authority shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and to pay for the Bonds in

accordance with the terms of this Purchase Agreement. The Bonds shall be prepared and delivered for inspection by the Representative at least one business day prior to the date of the Closing and shall be in the form of one certificate for each series, maturity and interest rate, fully registered in the name of Cede & Co., as nominee of DTC.

9. Closing Conditions. The obligations of the Underwriters hereunder shall be subject to the performance by the Authority of its obligations hereunder at or prior to the Closing and are also subject to the following conditions:

(a) the representations of the Authority contained or incorporated herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing as if made on the date of Closing;

(b) the representations of the Railroads and of the Ports contained or incorporated in the Letters of Representation shall be true, complete and correct on the date hereof and on and as of the date of the Closing as if made on the date of Closing;

(c) at the time of the Closing (i) the Resolutions and the Authority Documents shall be in full force and effect and shall not have been amended, modified or supplemented after the date of the Official Statement except as shall have been agreed to in writing by the Representative; and (ii) the Authority shall have performed its obligations required under or specified in the Resolutions and in the Authority Documents to be performed at or prior to the Closing; and

(d) at or prior to the Closing, the Underwriters shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative:

(i) the Official Statement, duly executed on behalf of the Authority by the Authority's Chief Executive Officer or by his authorized designee;

(ii) the 2016 Documents, duly executed and delivered by the respective parties thereto;

(iii) certified copies of all of the other Authority Documents with only such changes or amendments thereto after the date hereof as may have been agreed to in writing by the Representative;

(iv) copy of the Authority's Blanket Letter of Representations to DTC;

(v) the legal opinion of Bond Counsel, dated the date of the Closing and addressed to the Authority, substantially in the form set forth in Appendix G of the Official Statement, and a letter or letters addressed to the Trustee, the Insurer and the Underwriters to the effect that the Trustee, the Insurer and the Underwriters may rely upon such opinion as if it were addressed to the Trustee, the Insurer and the Underwriters;

(vi) the legal opinion of Nixon Peabody LLP, Special Tax Counsel, dated the date of the Closing and addressed to the Authority, substantially in the form set forth in Appendix [] of the Official Statement, and a letter or letters addressed to the Trustee, the

Insurer and the Underwriters to the effect that the Trustee, the Insurer and the Underwriters may rely upon such opinion as if it were addressed to the Trustee, the Insurer and the Underwriters;

(vii) a supplemental opinion, dated the date of the Closing and addressed to the Underwriters and the Insurer, of Bond Counsel substantially in the form attached hereto as Exhibit E;

(viii) an opinion, dated the date of Closing and addressed to the Authority and the Trustee, of Bond Counsel delivered pursuant to Sections 8.02(d) and 8.02(g) of the Master Indenture to the effect that the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture are authorized or permitted by the Master Indenture and shall, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms, together with a reliance letter addressed to the Underwriters;

(ix) the defeasance opinion of Bond Counsel with respect to the Refunded Bonds, addressed to the Authority and the Underwriters;

(x) [UNDER REVIEW BY ACTA CO-GENERAL COUNSEL] [an opinion, dated the date of Closing and addressed to the Underwriters, the Trustee and the Insurer, of Co-General Counsel of the Authority, solely in such counsel's official capacity and not in any personal capacity, to the effect that:

(a) the Authority is a joint powers authority of the State duly created under the Act and is in compliance in all respects with the provisions of the Act in respect of the issuance and sale of the Bonds and the execution and delivery of the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and the Purchase Agreement and the performance of its obligations under each of the Transaction Documents;

(b) (1) the Board has power and authority to adopt the Series 2016 Resolutions and (2) the Authority has power and authority (A) to execute and deliver the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and the Purchase Agreement, (B) to issue, sell and deliver the Bonds to the Underwriters as provided in the Indenture and the Purchase Agreement, (C) to authorize and to approve the use and distribution of the Preliminary Official Statement and the execution, use and distribution of the Official Statement and (D) to operate the Rail Corridor, to collect and pledge the Revenues, to collect and apply the M & O Charges and to carry out and consummate all other transactions contemplated in the Authority Documents;

(c) to the best knowledge of such Co-General Counsel, after due investigation, the Authority is not in breach of or in default under the any of the Transaction Documents and is not in material breach of or in material default under any of the other Authority Documents;

(d) to the best knowledge of such Co-General Counsel, after due investigation, the Authority is not in material breach of or in material default under any applicable constitutional provision, law or administrative regulation of the State or the United States of America or any agency or instrumentality of either or any applicable judgment or

decree or any other loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the Authority is, or on or after the date of the Closing will be, a party or to which the Authority or any of its properties or assets is otherwise subject, and to the best knowledge of such Co-General Counsel, after due investigation, no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a material breach of or material default or event of default by the Authority under any such agreement, law, regulation or instrument;

(e) the adoption of the Series 2016 Resolutions and the execution and delivery of the Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and the Purchase Agreement and the observance and performance of the provisions thereof will not conflict with or constitute a breach of or default by the Authority under any constitutional provision, law, administrative regulation, judgment, court decree, loan agreement, indenture, bond, note, resolution or other agreement or instrument to which the Authority is subject, or by which it or any of its properties is bound, nor will any such adoption, execution, delivery, observance or performance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever by the Authority or upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Authority Documents;

(f) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending with respect to which the Authority has been served with process, or, to such Co-General Counsel's knowledge after due investigation, threatened, against the Authority affecting the existence of the Authority or the Board or the titles of its officers to their respective offices; affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the collection by the Authority of Revenues pledged to pay the principal of and premium, if any, and interest on the Bonds or the pledge thereof, the application of the proceeds of the sale of the Bonds or the collection and application of M & O Charges; contesting or affecting the powers of the Authority with respect to, or the validity or enforceability of, or any authority for, any of the Authority Documents, contesting the powers of the Authority or any authority of the Authority for the issuance of the Bonds or the adoption of the Series 2016 Resolutions or the execution and delivery of the Purchase Agreement, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate or the performance by the Authority of its obligations under any of the Authority Documents; seeking to restrain or enjoin or otherwise to affect the operation of the Rail Corridor; contesting the tax-exempt status of the interest on the Bonds; contesting or challenging the consummation of the transactions contemplated in the Authority Documents or the Authority's ability to collect and pledge the Revenues to the payment of the Bonds as provided in the Indenture, to collect and apply the M & O Charges or to pay the Bonds or any of its obligations under the Authority Documents; contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contains or contained any untrue statement of a material fact or omits or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or, **[UNDER REVIEW BY ACTA CO-GENERAL COUNSEL]** [except as disclosed in the Preliminary Official Statement and in the Official

Statement under the heading “THE RAIL CORRIDOR AND RELATED PROJECTS—Environmental Considerations—Dominguez Channel Oil Release and Encroachment,”] that might result in a material adverse change in the operations of the Rail Corridor or in the financial condition of the Authority or its ability to pay the Bonds; nor, to the best knowledge of such counsel, is there any basis for any action, suit proceeding, inquiry or investigation of the nature described in this clause;

(g) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, court, board, agency or commission having jurisdiction of the matter which are required to be obtained by the Authority for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due observance and performance by the Authority of its obligations in connection with, the issuance and sale of the Bonds under the Indenture and the Purchase Agreement, the execution and delivery of the Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, the Official Statement or the Purchase Agreement, the operations of the Rail Corridor, or the performance by the Authority of its obligations under the Authority Documents, have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds as to which no opinion need be given); and all approvals, consents and authorizations required to have been obtained under the Authority Documents from the Railroads, the Ports and from any other person in connection with the issuance of the Bonds have been obtained;

(h) the execution and delivery by the Authority of, and performance by the Authority of its obligations under, the Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and the Purchase Agreement were duly authorized, and the Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and the Purchase Agreement have been duly executed and delivered and the Transaction Documents and the other Authority Documents are legal, valid and binding obligations of the Authority enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights and remedies generally and to the application of equitable principles where equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and, in the case of indemnification provisions in the Purchase Agreement, except as enforcement thereof may be limited by federal securities laws and public policy, and the Series 2016 Resolutions were duly adopted at meetings duly noticed, called and held;

(i) the Authority has duly authorized and ratified the delivery of the Preliminary Official Statement and the Official Statement to the Underwriters and the distribution by the Underwriters of the Preliminary Official Statement to potential purchasers of the Bonds and of the Official Statement to potential purchasers and purchasers of the Bonds, and the Authority has duly executed the Official Statement; and

in addition, such Co-General Counsel shall state in a separate letter or letters dated the date of the Closing and addressed to the Underwriters (1) that the information in the Preliminary Official

Statement and the Official Statement (other than the information concerning DTC and its book-entry system, the Insurer, CUSIP numbers, the prices and yields on the Bonds shown on the inside cover of the Official Statement, information concerning the tax treatment of the Bonds, the information under the headings “INTRODUCTION—The Ports,” “—The Railroads,” “THE PORTS” and “THE RAILROADS,” information concerning the Cities, information under the headings [“THE SERIES 2016 BOND INSURER,”] “INVESTOR CONSIDERATIONS—Bankruptcy and Insolvency Risks—The Ports and the Cities” and “—The Railroads,” “RATINGS” {but only with respect to the ratings assigned to the Insurer}, “TAX MATTERS,” “UNDERWRITING,” “CONTINUING DISCLOSURE—The Authority and the Ports” {with respect to information about the Ports} and “—The Railroads” and “FINANCIAL STATEMENTS” {with respect to information about the Ports}, economic, demographic, engineering, statistical, technical, accounting or financial data or information, forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions, management discussion and analysis, expressions of opinion, and the information in Appendices B, C, D, F, G, H, I and J, as to all of which no opinion need be given), is accurate in all material respects, and (2) that, based upon the participation of such counsel in the preparation of the Preliminary Official Statement and the Official Statement as Co-General Counsel of the Authority, such Co-General Counsel has no reason to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the date of Closing, (except for any financial, statistical, demographic or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion and except for any information concerning DTC and its book-entry system, the Insurer, the tax treatment of the Bonds and information concerning the Cities, CUSIP numbers, the prices and yields on the Bonds shown on the inside cover of the Official Statement, information under the headings “INTRODUCTION—The Ports” and “—The Railroads,” “THE PORTS” and “THE RAILROADS,” and information under the headings [“THE SERIES 2016 BOND INSURER,”] “RATINGS” {but only with respect to the ratings assigned to the Insurer}, “TAX MATTERS,” “UNDERWRITING,” “CONTINUING DISCLOSURE—The Authority and the Ports” {with respect to information about the Ports} and “—The Railroads” and “FINANCIAL STATEMENTS” {with respect to information about the Ports} and in Appendices B, C, D, F, G, H, I and J, as to all of which no view need be expressed) contained or contains, any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading;]

(xi) an opinion, dated the date of Closing and addressed to the Authority, the Insurer and the Underwriters, of counsel to each of the Ports to the effect that: (a) the execution and delivery by the Port of the Letter of Representation and the Continuing Disclosure Certificate, and the performance by the Port of its obligations under the Continuing Disclosure Certificate and the Letter of Representation was duly authorized by the respective City, acting through its Board of Harbor Commissioners, and each of the Letter of Representation and the Continuing Disclosure Certificate was executed and delivered by such City, and the Letter of Representation, the Continuing Disclosure Certificate and each of the Port Agreements (as defined in the applicable Letter of Representation) is the legal, valid and binding obligation of, such City, enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and remedies generally, to the application of equitable

principles where equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California; (b) to the best knowledge of such counsel, the execution and delivery of the Letter of Representation and the Continuing Disclosure Certificate and the performance by the Port of its obligations under the Letter of Representation, the Continuing Disclosure Certificate and each of the Port Agreements do not and will not, in any material respect, conflict with or constitute a breach of, or default by, the Port under any constitutional provision, law, administrative regulation, judgment, court decree, loan agreement, indenture, bond, note, resolution, or other material agreement or instrument to which the Port or the transactions contemplated in the Letter of Representation, the Continuing Disclosure Certificate and in each of the Port Agreements is subject, or by which the Port or any of its properties is bound (and of which such counsel is aware after reasonable investigation); (c) to the best knowledge of such counsel, all authorizations, approvals, consents and orders of any governmental authority, legislative body, court, board, agency or commission having jurisdiction of the matter which are required to be obtained by the Port for the due authorization, execution and delivery of, or which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due observance and performance by the Port of its obligations under or in connection with, the Letter of Representation, the Continuing Disclosure Certificate and each of the Port Agreements have been obtained and are in full force and effect; (d) to such counsel's knowledge after due investigation (which involved only inquiries of the City Clerk and the Executive Secretary of the Board), there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Port affecting the existence of the Port or the validity or enforceability of, or any authority for, the Letter of Representation, the Continuing Disclosure Certificate or any of the Port Agreements or contesting the performance by the Port of the Letter of Representation, the Continuing Disclosure Certificate or any of the Port Agreements; and (e) to the best knowledge of such counsel, the Port is not in material breach of or in material default under any of the Port Agreements;

(xii) an opinion of Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters, substantially in the form attached hereto as Exhibit F;

(xiii) a certificate of the Authority, dated the date of the Closing and signed on behalf of the Authority by the Chief Executive Officer of the Authority or by his authorized designee, to the effect that (a) the representations of the Authority contained in the Purchase Agreement are true and correct in all respects on and as of the date of the Closing as if made on the date of the Closing; (b) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending with respect to which the Authority has been served with process, or, to the best of the Authority's knowledge after due investigation, threatened, against the Authority affecting the existence of the Authority or the Board or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection by the Authority of Revenues pledged to pay the principal of and premium, if any, and interest on the Bonds or the pledge thereof or the application of the proceeds of the sale of the Bonds, the collection and application of M & O Charges or contesting or affecting the powers of the Authority with respect to, or the validity or enforceability of, or any authority for,

the Authority Documents or contesting the powers of the Authority or any authority of the Authority for the issuance of the Bonds or the adoption of the Series 2016 Resolutions or the execution and delivery of the Purchase Agreement, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, the Official Statement or performance by the Authority of its obligations under the Authority Documents, or seeking to restrain or enjoin or otherwise to affect the operation of the Rail Corridor, or seeking to challenge or revoke any Permit (as defined in the Indenture), or contesting the tax-exempt status of the interest on the Bonds, or contesting or challenging the consummation of the transactions contemplated by the Authority Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contains or contained any untrue statement of a material fact or omits or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or, **[UNDER REVIEW BY ACTA CO-GENERAL COUNSEL]** [except as disclosed in the Preliminary Official Statement and in the Official Statement under the heading “THE RAIL CORRIDOR AND RELATED PROJECTS—Environmental Considerations—Dominguez Channel Oil Release and Encroachment,”] that might result in a material adverse change in the operations of the Rail Corridor or in the financial condition of the Authority or its ability to pay the Bonds, nor, to the best of the Authority’s knowledge, is there any basis for any action, suit proceeding, inquiry or investigation of the nature described in this clause; (c) from the date of the Preliminary Official Statement through the date of the Official Statement, no material adverse change in the financial condition or prospects of the Authority or the Project and no other event adversely affecting the Authority or the Project occurred that should have been disclosed in the Preliminary Official Statement in order that the Preliminary Official Statement, as of its date and as of the date hereof, not contain an untrue statement of a material fact or omit to state a material fact or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; (d) since the date of the Official Statement, no material adverse change in the financial condition or prospects of the Authority or the Project and no other event adversely affecting the Authority or the Project or the Authority’s condition, financial or otherwise, or the Authority’s ability to collect or pledge the Revenues pledged to pay the principal of and premium, if any, and interest on the Bonds or to collect and apply M & O Charges has occurred, which should be disclosed in the Official Statement in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; (e) from the date of the Preliminary Official Statement through the date of the Official Statement, no other information came to the attention of the Authority that should have been disclosed in the Preliminary Official Statement in order that the Preliminary Official Statement, as of its date and as of the date hereof, not contain an untrue statement of a material fact or omit to state a material fact or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading (provided that nothing in this Section 9(e)(xiii)(e) shall be construed to expand the representations of the Authority set forth in Section 7(c) hereof); and (f) since the date of the Official Statement, no other information has come to the attention of the Authority which, as of the date of Closing, should be disclosed in the Official Statement in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading

(provided that nothing in this Section 9(e)(xiii)(f) shall be construed to expand the representations of the Authority set forth in Section 7(d) hereof);

(xiv) a certificate of each of the Ports, dated the date of the Closing and signed by the Chief Financial Officer, in the case of the Port of Los Angeles, and by the Director of Finance, in the case of the Port of Long Beach, to the effect that representations in such Port's Letter of Representation are true and correct in all respects as of date of Closing;

(xv) a certificate of each of the Railroads, dated the date of the Closing and signed by the Chief Financial Officer or by a Vice President of such Railroad, to the effect that representations in such Railroad's Letter of Representation are true and correct in all respects as of date of Closing;

(xvi) a letter from Moss Adams LLP, dated the date of the Closing, consenting to the inclusion in the Official Statement of the report, dated _____, 2016, with respect to the audited financial statements of the Authority for the fiscal year ended June 30, 2015, include as Appendix A to the Official Statement and to the reference to Moss Adams LLP and to its report under the heading "FINANCIAL STATEMENTS" and elsewhere in the Official Statement;

(xvii) [a letter of the Ports' Independent Consultant, dated _____, 2016, in form and substance satisfactory to the Representative consenting to the inclusion of Independent Cargo Report in Appendix [___] to the Official Statement and to references to its name and to its report in the Official Statement;]

(xviii) copies of the items delivered on the date of this Purchase Agreement pursuant to Paragraph 5 hereof;

(xix) a certificate of the Trustee, dated the date of the Closing, in form and substance satisfactory to the Representative;

(xx) a specimen Bond of each series, maturity and interest rate;

(xxi) a Form 8038-G executed by the Authority;

(xxii) evidence satisfactory to the Underwriters that the Insured Bonds have been rated "___" by Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), and "___" by Moody's Investors Service ("Moody's"), with the understanding that the municipal bond insurance policy will be delivered on the date of Closing; evidence satisfactory to the Underwriters of the assignment of ratings on the Series 2016A Bonds without taking the municipal bond insurance policy into account, of "___" by S&P and of "___" by Moody's and of "___" by Fitch Ratings, Inc., together with a confirmation from the Authority that there has been no adverse change in or withdrawal of any of such ratings as of the date of the Closing; and evidence satisfactory to the Underwriters of the assignment of ratings on the Series 2016B Bonds without taking the municipal bond insurance policy into account, of "___" by S&P and of "___" by Moody's and of "___" by Fitch Ratings, Inc., together with a confirmation from the Authority that there has been no adverse change in or withdrawal of any of such ratings as of the date of the Closing;

(xxiii) [a copy of the Bond Insurance Policy issued by the Insurer;]

(xxiv) [copies of the Reserve Account Surety Policies issued by the Insurer;]

(xxv) [an opinion, dated the date of the Closing and addressed to the Authority and the Underwriters, of the General Counsel of the Insurer in form and substance satisfactory to the Representative];

(xxvi) an opinion of Dorsey & Whitney LLP, counsel to the Trustee, dated the date of Closing and addressed to the Underwriters, the Insurer and the Authority, to the effect that the Trustee is authorized to enter into and has duly executed and delivered the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, that the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture are legal, valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their terms, that the officers of the Trustee authenticating the Bonds and executing and delivering the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture are duly authorized to authenticate the Bonds and to execute and deliver such Tenth Supplemental Indenture and Eleventh Supplemental Indenture, and that the Bonds have been duly authenticated and delivered by the Trustee;

(xxvii) the Verification Report from the Verification Agent;

(xxviii) copies of the Continuing Disclosure Agreements executed by the Railroads;

(xxix) such additional legal opinions, certificates, instruments, permits, consents and other documents as the Representative or Bond Counsel may reasonably request to evidence the compliance of the Authority with legal requirements, the truth and accuracy, as of the date hereof and as of the time of the Closing, of the Authority's representations contained herein and of the statements and information contained in the Preliminary Official Statement and in Official Statement, as each may be supplemented or amended, and the due performance and satisfaction by the Authority at or prior to the time of the Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority and all conditions precedent to the issuance of the Bonds pursuant to the Indenture shall have been fulfilled and to evidence the exclusion from gross income for federal and State income tax purposes of the interest and any original issue discount on the Bonds.

10. Termination. The Underwriters may terminate this Purchase Agreement, without liability therefor, by notification by the Representative in writing to the Authority if at any time subsequent to the date of this Purchase Agreement and at or prior to the Closing:

(a) there shall occur any change or any development involving a prospective change, in or affecting the business, properties or financial condition of the Authority, the Ports, the Railroads[, the Insurer] or the Project, including from any sustained loss of or interference with their respective businesses from fire, explosion, flood or other calamity, whether or not covered by insurance or indemnities, or from any labor dispute or court or governmental action, order or decree, which, in the reasonable opinion of the Representative, materially impairs the

investment quality, the marketability or the market price of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(b) legislation shall have been enacted by the Congress of the United States, or introduced by amendment or otherwise in or passed by either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House to which such legislation has been referred for consideration, or recommended or endorsed for passage or presented for consideration by the Chairman or ranking minority member of any such committee or by the Treasury Department of the United States, the Internal Revenue Service or the staff of the Joint Committee on Taxation of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, with respect to federal taxation of interest received on securities of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal tax consequences of receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof, which in the reasonable opinion of the Underwriters would materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(c) there shall have occurred a declaration of war by the United States, any new outbreak of hostilities or any escalation in existing hostilities, or any other new national or international emergency, calamity, terrorism or financial crisis or the rating on the sovereign debt of the United States by any major credit rating agency is downgraded or withdrawn or or an actual or imminent default or moratorium in respect of payment of any United States Treasury bills, bonds or notes, the effect of which, in the reasonable opinion of the Representative, would materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(d) a general banking moratorium shall have been declared by federal, New York or State authorities or a major financial crisis or material disruption in commercial banking or securities settlement, payment or clearance services shall have occurred which, in the reasonable opinion of the Representative, would make the marketing of revenue bonds generally impractical;

(e) there shall be in force a general suspension of trading on the New York Stock Exchange or other national securities exchange, or minimum or maximum prices for trading not in force on the date hereof shall have been fixed and be in force, or maximum ranges for prices for securities not in force on the date hereof shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(f) the New York Stock Exchange or other national securities exchange, the MSRB, the Financial Industry Regulatory Authority, or any other federal or state authority or agency shall impose, as to the Bonds or obligations of the general character of the Bonds, any

material restrictions not now in force or not now being enforced, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, the Underwriters;

(g) any rating of bonds, notes or other obligations of the Authority (including, without limitation, the Bonds), the Ports[, the Insurer] or the Railroads shall have been downgraded, suspended or withdrawn, or placed on credit watch with negative outlook, by Moody's, Fitch or S&P and such action, in the reasonable opinion of the Underwriters, will materially adversely affect the marketability or the market price of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(h) an event, fact or condition described in Paragraph 7(e) hereof shall have occurred or become known (other than any statement provided by the Underwriters for inclusion under the heading "UNDERWRITING"), which requires the preparation and publication of a supplement or amendment to the Official Statement, the effect of which difference, supplement or amendment, in the reasonable opinion of the Underwriters, will materially adversely affect the marketability or the market price of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(i) any legislation, constitutional amendment, ordinance, rule, regulation or policy shall be introduced in or enacted by or issued by any governmental body, board, department or agency of the State or the United States, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered, affecting the Authority, the Ports, the Railroads or the Insurer which, in the reasonable opinion of the Underwriters, will materially adversely affect the marketability or the market price of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(j) legislation shall be enacted, or an order, decree, decision or injunction shall be issued, made or rendered by any court of the United States of competent jurisdiction, or any action, stop order, ruling, regulation (final, temporary or proposed) or official statement shall have been issued or made by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter, the effect of which is (i) to require that the Bonds or other securities of the Authority be registered under the Securities Act or the Securities Exchange Act of 1934, as amended, or that the Indenture to be qualified under the Trust Indenture Act, or (ii) to make the issuance, offering or sale of the Bonds illegal.

11. Expenses.

(a) The Underwriters shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of the Authority's obligations hereunder including but not limited to (i) the fees and disbursements of Bond Counsel, Special Tax Counsel, Polsinelli LLP, as Disclosure Counsel, Co-General Counsel, Moss Adams LLP, the Verification Agent, the Trustee (in its capacity as Trustee for the Bonds and as escrow agent for the Refunded Bonds), Public Financial Management, counsel and financial advisors to the Ports and the Railroads and counsel to the Trustee and any other experts, accountants, lawyers or consultants retained by the Authority or the Ports or the Railroads (to the extent such fees and expenses are to be paid by any party hereto); (ii) the cost of preparation and

printing and signing of the definitive Bonds and the registration thereof; (iii) the cost of preparing, printing and distributing the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto; (iv) the premiums charged by the Insurer for the Bond Insurance Policy and the Reserve Account Surety Policy and the fees and costs, if any, of counsel to the Insurer; (v) charges of rating agencies for the ratings of the Bonds; (vi) all costs and expenses incurred in connection with any information or investor meetings held in connection with the Bonds; (vii) the cost of preparing and printing the Transaction Documents (other than this Purchase Agreement); and (viii) all other out-of-pocket expenses and costs incurred by the Authority in connection with the authorization, issuance, sale and distribution of the Bonds. The Authority shall also pay for all incidental costs (including, but not limited to, transportation, lodging, meals and entertainment of Authority personnel) incurred by or on behalf of the Authority in connection with the marketing and pricing of, and securing ratings for, and issuing and delivering the Bonds.

(b) The Underwriters shall pay (i) all advertising expenses incurred by them in connection with the public offering and distribution of the Bonds; and (ii) except as provided above in Paragraph 11(a), all other expenses incurred by them in connection with their public offering and distribution of the Bonds, including the fees and disbursements of Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters (both of which may be included as an expense component of the Underwriters' discount).

12. Indemnification by the Authority.

(a) To the extent permitted by law, the Authority shall indemnify and hold harmless the Underwriters, and each person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) an Underwriter, and their directors, officers, agents and employees, against any and all losses, claims, damages, liabilities and expenses, joint or several, to which the Underwriters may become subject, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse the Underwriters for any legal or other expenses reasonably incurred by them in connection with investigating or defending any action or claim as such expenses are incurred, provided, however, that the Authority shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Official Statement or the Official Statement with respect to written information furnished by any Underwriter expressly for use therein under the heading "UNDERWRITING" or in the Preliminary Official Statement or the Official Statement with respect to information regarding DTC and its book-entry system, the Insurer, the Cities, the yields on the Bonds stated on the inside front cover of the Official Statement, CUSIP numbers, and information under the headings "INTRODUCTION—The Ports" and "—The Railroads," "THE PORTS," "THE RAILROADS," ["THE SERIES 2016 BOND INSURER,"] "RATINGS" (with respect to the ratings assigned to the Insurer), "FINANCIAL STATEMENTS" (with respect to information about the Ports), "CONTINUING DISCLOSURE—The Authority and the Ports" (with respect to information about the Ports) and "—The Railroads" and "UNDERWRITING" and in

Appendices [B, C, D, F, G and I]. Any limitation on indemnification stated herein shall not be construed as a limitation of liability of the Authority to the Underwriters under applicable federal or state law.

(b) The Underwriters, jointly and severally, will indemnify and hold harmless the Authority, each of its Board Members, officers and employees, and each person who controls the Authority within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all losses, claims, damages, liabilities and expenses to which the Authority may become subject, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement or Official Statement, or arise out of or are based upon the omission or alleged omission to state therein a material fact or necessary to make the statement therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Preliminary Official Statement or the Official Statement in reliance upon and in conformity with written information furnished to the Authority by the Underwriters expressly for use under the heading “UNDERWRITING” and the sentence on page (ii) of the Preliminary Official Statement and of the Official Statement provided by the Underwriters and will reimburse the Authority for any legal or other expenses reasonably incurred by the Authority in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subparagraph (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subparagraph, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subparagraph. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subparagraph for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party, unless (i) the employment of such counsel has been specifically authorized by the indemnifying party in writing prior to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) included both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party and that joint representation may be inappropriate under professional standards, in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the

indemnified party it being understood, however, the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related action in the same jurisdiction of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the indemnified party, and any such firm shall be designated in writing by the indemnified party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) if the indemnification provided for in this Paragraph 12 is unavailable to or insufficient to hold harmless an indemnified party under subparagraph (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then to the extent permitted by law each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Authority on the one hand and the Underwriters on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subparagraph (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Authority on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Authority on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Authority or the Trustee bear to the total underwriting discounts received by the Underwriters, in each case as set forth in the Official Statement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Authority on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Authority and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subparagraph (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subparagraph (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subparagraph shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subparagraph (d), no Underwriter shall be required to contribute any amount in excess of the amount of underwriting discount received by it. The Underwriters' obligations in this

subparagraph (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Authority under this Paragraph 12 shall be in addition to any liability that the Authority may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of each Underwriter or to each person, if any, who controls any Underwriter within the meaning of the Securities Act and the obligations of the Underwriters under this Paragraph 12 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Authority or to each person, if any, who controls the Authority within the meaning of the Securities Act. No agreement or obligation of the Authority contained in this Paragraph 12 shall be deemed to be an obligation or indebtedness of the Ports or of either Port.

13. Representation of Underwriters. The Representative represents that it has been duly authorized by Merrill Lynch, Pierce, Fenner & Smith Incorporated to execute this Purchase Agreement on behalf of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

14. Notices. Any notice or other communication to be given to the Authority under this Purchase Agreement (other than the acceptance hereof as specified in Paragraph 1 hereof) may be given by delivering the same in writing to 3760 Kilroy Airport Way, Suite 200, Long Beach, California 90806, Attention: Jim Preusch, Chief Financial Officer; any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, [ADDRESS], Attention: [_____, _____].

15. Use of Documents. The Authority hereby authorizes, ratifies and approves the Underwriters' use, in connection with the public offering and sale of the Bonds, of this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Authority Documents, and the information contained herein and therein.

16. Governing Law. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

17. Parties in Interest. This Purchase Agreement when accepted by the Authority in writing as heretofore specified shall constitute the entire agreement between the Authority and the Underwriters and is solely for the benefit of the Authority and the Underwriters (including the successors or assigns thereof but not any holder of Bonds). No other person or entity shall acquire or have any rights hereunder or by virtue hereof. Except as expressly provided herein, all representations and agreements of the Authority in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Bonds hereunder and (c) any termination of this Purchase Agreement.

18. Headings. The headings of the Paragraphs of this Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

19. Effectiveness. This Purchase Agreement shall become effective upon the execution hereof by an authorized representative of the Authority and upon receipt of the

Representative of the documents referred to Paragraph 5 hereof and shall be valid and enforceable at the time of such acceptance.

20. Counterparts. This Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &
SMITH, INCORPORATED
As Representative of the Underwriters

By: _____

Name: [_____]

Title: [_____]

Accepted:

This ____ day of _____, 2016

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

By: _____

Name: John Doherty

Title: Chief Executive Officer

Letterhead of BNSF Railway Company

LETTER OF REPRESENTATION

_____, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters

[ADDRESS]

[ADDRESS]

Alameda Corridor Transportation Authority
3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Ladies and Gentlemen:

The Alameda Corridor Transportation Authority (the “Authority”) proposes to issue the \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), and \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds” and together with the Series 2016A Bonds, the “Bonds”), pursuant to a Master Trust Indenture, dated as of January 1, 1999 (the “Master Indenture”), as supplemented and amended by the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture and the Fourth Supplemental Trust Indenture, each dated as of January 1, 1999, the Fifth Supplemental Trust Indenture, dated as of June 1, 2003, the Sixth Supplemental Trust Indenture and the Seventh Supplemental Trust Indenture, each dated as of February 1, 2004, the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, the Ninth Supplemental Trust Indenture, dated as of February 1, 2013 (collectively, the “Prior Supplemental Indentures”), and by the Tenth Supplemental Trust Indenture and the Eleventh Supplemental Trust Indenture, each to be dated as of _____, 2016 (the “Tenth Supplemental Indenture” and the “Eleventh Supplemental Indenture,” respectively, and the Master Indenture, as supplemented and amended by the Prior Supplemental Indentures and by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Authority, BNSF Railway Company (“BNSF”), Union Pacific Railroad Company (“Union Pacific” and together with BNSF, the “Railroads”), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the “Port of Los Angeles”), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Port of Long Beach” and together with the Port of Los Angeles, the “Ports”), have entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended by the First Amendment to Alameda Corridor Use and Operating Agreement, dated as of July 5, 2006

(collectively, the “Use and Operating Agreement”), pursuant to which the Railroads have agreed to pay certain fees and charges for the use of the Project and the Ports have agreed to make certain Shortfall Advances on the terms and subject to the conditions set forth therein. Certain revenues and other moneys to be derived by the Authority in connection with the Use and Operating Agreement are being pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are being sold pursuant to a Bond Purchase Agreement, dated _____, 2016 (the “Purchase Agreement”), between the Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the “Representative”) of the Underwriters named therein.

Capitalized terms used but not defined herein shall have the meanings given such terms in the Purchase Agreement or in the Use and Operating Agreement.

A Preliminary Official Statement, dated _____, 2016 (the “Preliminary Official Statement”), and an Official Statement, dated _____, 2016 (the “Official Statement”), relating to the Bonds include references to BNSF’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015[, the Quarterly Reports on Form 10-Q for the quarter ended March 31, 2016] and certain Current Reports on Form 8-K. Such documents and all subsequent documents filed by BNSF with the United States Securities and Exchange Commission (the “Commission”) pursuant to Section 13(a), 13(c) or 15(d) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”) on or prior to the date of the Preliminary Official Statement or of the Official Statement or on or prior to the date that is 25 days after the date of delivery of the Bonds, as the case may be, are hereinafter called the “Exchange Act Reports.”

1. To induce the Authority and the Representative to enter into the Purchase Agreement and the Underwriters to purchase and reoffer the Bonds as contemplated in the Purchase Agreement, BNSF hereby represents to, and agrees with, each of you as follows:

(a) BNSF intends to continue to be a substantial user of the Project to be refinanced with the proceeds of the Bonds and expects to benefit by the continued operation of the Project;

(b) the Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all respects to the applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder;

(c) since the date of BNSF’s most recent financial statements in the Exchange Act Reports, neither BNSF nor any of its subsidiaries has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Exchange Act Reports; and, since the respective dates as of which information is given with respect to BNSF in the Exchange Act Reports, there has not been any material change in the capital stock or long-term debt of BNSF or any of its material subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial

position, shareholders' equity or results of operations of BNSF, otherwise than as set forth in such Exchange Act Reports;

(d) BNSF has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties, and to conduct its business as described in the Exchange Act Reports and as provided in the Use and Operating Agreement, the Dispatching Agreement and the Security Services Agreement (collectively, the "Railroad Agreements");

(e) this Letter of Representation and the Continuing Disclosure Agreement, dated _____, 2016 (the "Continuing Disclosure Agreement"), between BNSF and the Trustee, have been duly authorized, executed and delivered by BNSF and, assuming the due execution and delivery thereof by the other parties thereto, this Letter of Representation and the Continuing Disclosure Agreement each constitutes a legal, valid and binding obligation of BNSF enforceable in accordance with its terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought; and the Railroad Agreements constitute legal, valid and binding obligations of BNSF enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought;

(f) the execution and delivery by BNSF of this Letter of Representation and the Continuing Disclosure Agreement, the performance by BNSF of its obligations thereunder and under the Railroad Agreements, and the consummation of the transactions therein contemplated do not and will not (i) conflict with any of the terms, conditions or provisions of its articles of incorporation or bylaws, or (ii) conflict with, result in a breach of or constitute a default under any of the terms or conditions of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which BNSF is a party, or any laws, judgment, decree, rules or regulations applicable to BNSF of any court or other governmental body or any other applicable requirement of law, except for conflicts, breaches or defaults which, individually or in the aggregate, would not materially and adversely affect BNSF's ability to perform its obligations under this Letter of Representation, the Continuing Disclosure Agreement and under the Railroad Agreements; and no further consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the execution and delivery of, and performance by BNSF of its obligations under, this Letter of Representation, the Continuing Disclosure Agreement and the Railroad Agreements or the consummation by BNSF of the transactions contemplated therein;

(g) other than as set forth in the Exchange Act Reports, there are no legal or governmental proceedings pending to which BNSF or any of its subsidiaries is a party or of which any property of BNSF or any of its subsidiaries is the subject, which BNSF has reasonable cause to believe will, either individually or in the aggregate, have a material adverse effect on the current or future financial position, shareholders' equity or results of operations of BNSF and its subsidiaries; and, to the best of BNSF's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others; and

(h) BNSF is not in breach of or in default under any of the Railroad Agreements, including the Use and Operating Agreement, and to its knowledge, BNSF is not in a material breach of or in material default under any loan agreement, note, bond, resolution, indenture, material agreement or other instrument to which BNSF is a party or to which BNSF or any of its properties or assets is otherwise subject, and no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a material breach of or material default under any such agreement, law, regulation or instrument;

(i) to the best of BNSF's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against BNSF contesting or affecting the powers of BNSF with respect to, or the validity or enforceability of, or its ability to perform under, any of the Railroad Agreements, including the Use and Operating Agreement;

(j) BNSF is subject to Section 13 or 15(d) of the Exchange Act.

2. BNSF will undertake, pursuant to the Use and Operating Agreement and its Continuing Disclosure Agreement, to provide certain annual financial and operating information.

[Signature page follows]

Very truly yours,
BNSF Railway Company

By: _____
Title:

Accepted as of the date hereof:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative of the Underwriters

By: _____
Name: [_____]
Title: [_____]

Alameda Corridor Transportation Authority

By: _____
Name: John Doherty
Title: Chief Executive Officer

Letterhead of the Union Pacific Railroad Company

LETTER OF REPRESENTATION

_____, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters
[ADDRESS]
[ADDRESS]

Alameda Corridor Transportation Authority
3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Ladies and Gentlemen:

The Alameda Corridor Transportation Authority (the “Authority”) proposes to issue the \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), and \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds and together with the Series 2016A Bonds, the “Bonds”), pursuant to a Master Trust Indenture, dated as of January 1, 1999 (the “Master Indenture”), as supplemented and amended by the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture and the Fourth Supplemental Trust Indenture, each dated as of January 1, 1999, the Fifth Supplemental Trust Indenture, dated as of June 1, 2003, the Sixth Supplemental Trust Indenture and the Seventh Supplemental Trust Indenture, each dated as of February 1, 2004, the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, the Ninth Supplemental Trust Indenture, dated as of February 1, 2013 (collectively, the “Prior Supplemental Indentures”), and by the Tenth Supplemental Trust Indenture and the Eleventh Supplemental Trust Indenture, each to be dated as of _____, 2016 (the “Tenth Supplemental Indenture” and the “Eleventh Supplemental Indenture,” respectively, and the Master Indenture, as supplemented and amended by the Prior Supplemental Indentures and by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Authority, BNSF Railway Company (“BNSF”), Union Pacific Railroad Company (“Union Pacific” and together with BNSF, the “Railroads”), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the “Port of Los Angeles”), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Port of Long Beach” and together with the Port of Los Angeles, the “Ports”), have entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended by the First Amendment to Alameda Corridor Use and Operating Agreement, dated as of July 5, 2006 (collectively, the “Use and Operating Agreement”), pursuant to which the Railroads have agreed

to pay certain fees and charges for the use of the Project and the Ports have agreed to make certain Shortfall Advances on the terms and subject to the conditions set forth therein. Certain revenues and other moneys to be derived by the Authority in connection with the Use and Operating Agreement are being pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are being sold pursuant to a Bond Purchase Agreement, dated _____, 2016 (the "Purchase Agreement"), between the Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the "Representative") of the Underwriters named therein.

Capitalized terms used but not defined herein shall have the meanings given such terms in the Purchase Agreement or in the Use and Operating Agreement.

A Preliminary Official Statement, dated _____, 2016 (the "Preliminary Official Statement"), and an Official Statement, dated _____, 2016 (the "Official Statement"), relating to the Bonds includes references to the Annual Report on Form 10-K for the fiscal year ended December 31, 2015[, the Quarterly Reports on Form 10-Q for the quarter ended March 31, 2016] and certain Current Reports on Form 8-K filed by Union Pacific Corporation, the parent of Union Pacific. Such documents and all subsequent documents filed by Union Pacific Corporation with the United States Securities and Exchange Commission (the "Commission") pursuant to Section 13(a), 13(c) or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or prior to the date of the Preliminary Official Statement or the Official Statement and on or prior to the date that is 25 days after the date of delivery of the Bonds, as the case may be, are hereinafter called the "Exchange Act Reports."

1. To induce the Authority and the Representative to enter into the Purchase Agreement and the Underwriters to purchase and reoffer the Bonds as contemplated in the Purchase Agreement, Union Pacific hereby represents to, and agrees with, each of you as follows:

(a) Union Pacific intends to continue to be a substantial user of the Project to be financed with the proceeds of the Bonds and expects to benefit by the continued operation of the Project;

(b) the Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all respects to the applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder;

(c) since the date of Union Pacific's most recent financial statements in the Exchange Act Reports, neither Union Pacific nor any of its subsidiaries has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Exchange Act Reports; and, since the respective dates as of which information is given with respect to Union Pacific in the Exchange Act Reports there has not been any material change in the capital stock or long-term debt of Union Pacific or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs,

management, financial position, shareholders' equity or results of operations of Union Pacific and its subsidiaries, otherwise than as set forth in such Exchange Act Reports;

(d) Union Pacific has been duly incorporated and is validly existing as a corporation in good standing under the laws Delaware, with power and authority (corporate and other) to own its properties, and to conduct its business as described in the Exchange Act Reports and as provided in the Use and Operating Agreement, the Dispatching Agreement and the Security Services Agreement (collectively, the "Railroad Agreements");

(e) this Letter of Representation and the Continuing Disclosure Agreement, dated _____, 2016 (the "Continuing Disclosure Agreement"), between Union Pacific and the Trustee, have been duly authorized, executed and delivered by Union Pacific and, assuming the due execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of Union Pacific enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought; and the Railroad Agreements constitute legal, valid and binding obligations of Union Pacific enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought;

(f) the execution and delivery by Union Pacific of this Letter of Representation and the Continuing Disclosure Agreement, the performance by Union Pacific of its obligations thereunder and under the Railroad Agreements, the performance by Union Pacific of its obligations thereunder and under the Use and Operating Agreement, and the consummation of the transactions therein contemplated do not and will not (i) conflict with any of the terms, conditions or provisions of its articles of incorporation or bylaws, or (ii) conflict with, result in a breach of or constitute a default under any of the terms or conditions of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which Union Pacific is a party, or any laws, judgment, decree, rules or regulations applicable to Union Pacific of any court or other governmental body or any other applicable requirement of law, except for conflicts, breaches or defaults which, individually or in the aggregate, would not materially and adversely affect Union Pacific's ability to perform its obligations under this Letter of Representation, the Continuing Disclosure Agreement and the Railroad Agreements; and no further consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the execution and delivery of, and performance by Union Pacific of its obligations under, this Letter of Representation, the Continuing Disclosure Agreement and the Railroad Agreements or the consummation by Union Pacific of the transactions contemplated therein;

(g) other than as set forth in the Exchange Act Reports, there are no legal or governmental proceedings pending to which Union Pacific or any of its subsidiaries is a party or of which any property of Union Pacific or any of its subsidiaries is the subject, which Union Pacific has reasonable cause to believe will, either individually or in the aggregate, have a material adverse effect on the current or future financial position, shareholders' equity or results of operations of Union Pacific and its subsidiaries; and, to the best of Union Pacific's

knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(h) Union Pacific is not in breach of or in default under any of the Railroad Agreements, including the Use and Operating Agreement, and to its knowledge, Union Pacific is not in a material breach of or in material default under any loan agreement, note, bond, resolution, indenture, agreement or other instrument to which Union Pacific is, or on or after the date hereof will be, a party or to which Union Pacific or any of its properties or assets is otherwise subject, and no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a material breach of or material default under any such agreement, law, regulation or instrument;

(i) to the best of Union Pacific's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against Union Pacific contesting or affecting the powers of Union Pacific with respect to, or the validity or enforceability of, or its ability to perform under, any of the Railroad Agreements, including the Use and Operating Agreement;

(j) Union Pacific Corporation, the parent of Union Pacific, is subject to Section 13 or 15(d) of the Exchange Act.

2. Union Pacific will undertake, pursuant to the Use and Operating Agreement and its Continuing Disclosure Agreement, to provide certain annual financial and operating information.

[Signature page follows]

Very truly yours,

The Union Pacific Railroad Company

By: _____
Title:

Accepted as of the date hereof:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative of the Underwriters

By: _____
Name: [_____]
Title: [_____]

Alameda Corridor Transportation Authority

By: _____
Name: John Doherty
Title: Chief Executive Officer

Letterhead of the Port of Los Angeles

LETTER OF REPRESENTATION

_____, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters

[ADDRESS]

[ADDRESS]

Alameda Corridor Transportation Authority
3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Ladies and Gentlemen:

The Alameda Corridor Transportation Authority (the “Authority”) proposes to issue the \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds” and together with the Series 2016A Bonds, the “Bonds”), pursuant to a Master Trust Indenture, dated as of January 1, 1999 (the “Master Indenture”), as supplemented and amended by the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture and the Fourth Supplemental Trust Indenture, each dated as of January 1, 1999, the Fifth Supplemental Trust Indenture, dated as of June 1, 2003, the Sixth Supplemental Trust Indenture and the Seventh Supplemental Trust Indenture, each dated as of February 1, 2004, the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, the Ninth Supplemental Trust Indenture, dated as of February 1, 2013 (collectively, the “Prior Supplemental Indentures”), and by the Tenth Supplemental Trust Indenture and the Eleventh Supplemental Trust Indenture, each to be dated as of _____, 2016 (the “Tenth Supplemental Indenture” and the “Eleventh Supplemental Indenture,” respectively, and the Master Indenture, as supplemented and amended by the Prior Supplemental Indentures and by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Authority, BNSF Railway Company (“BNSF”), the Union Pacific Railroad Company (“Union Pacific” and together with BNSF, the “Railroads”), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the “Port of Los Angeles”), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Port of Long Beach” and together with the Port of Los Angeles, the “Ports”), have entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended by the First Amendment to Alameda Corridor Use and Operating Agreement, dated as of July 5, 2006 (collectively, the “Use and Operating Agreement”), pursuant to which the Railroads have

agreed to pay certain fees and charges for the use of the Rail Corridor and the Ports have agreed to make certain Shortfall Advances on the terms and subject to the conditions set forth therein. Certain revenues and other moneys to be derived by the Authority in connection with the Use and Operating Agreement are being pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are being sold pursuant to a Bond Purchase Agreement, dated _____, 2016 (the "Purchase Agreement"), between the Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the "Representative") of the Underwriters named therein.

Capitalized terms used but not defined herein shall have the meanings given such terms in the Purchase Agreement or in the Use and Operating Agreement.

1. To induce the Authority and the Representative to enter into the Purchase Agreement and the Underwriters to purchase and reoffer the Bonds as contemplated in the Purchase Agreement, the Port of Los Angeles hereby represents and agrees with each of you as follows:

(a) the information relating to the Port of Los Angeles in the Preliminary Official Statement relating to the Bonds, dated _____, 2016, of the Alameda Corridor Transportation Authority (collectively, the "Preliminary Official Statement"), and in the Official Statement relating to the Bonds, dated _____, 2016 (the "Official Statement"), under the headings "INTRODUCTION—The Ports," "AUTHORITY REVENUES—Recent and Budgeted Cargo Throughput and Revenue Collections," "THE PORTS" and "CONTINUING DISCLOSURE—The Authority and the Ports" and in Appendix B, has been provided to the Authority by the Port of Los Angeles for use in the Preliminary Official Statement and the Official Statement and is true and correct, and such information includes certain financial statements and other historical information with respect to the Port of Los Angeles, which fairly present the financial position of the Port of Los Angeles as of the dates indicated and the results of its operations, for the periods therein specified, and are in conformity with generally accepted accounting principles applicable to the Port of Los Angeles applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Port of Los Angeles since the date thereof;

(b) since the date of the Port of Los Angeles's audited financial statements included in the Preliminary Official Statement and in the Official Statement, the Port of Los Angeles has not sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement; and there has not been any material adverse change affecting the financial position or results of operations of Port of Los Angeles, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement;

(c) the City of Los Angeles has been duly incorporated and is a validly existing charter city under the laws of the State of California, with power and authority vested in its Board of Harbor Commissioners to manage its properties, and to conduct its business as described in the Preliminary Official Statement and in the Official Statement;

(d) this Letter of Representation and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Port of Los Angeles and, assuming the due execution and delivery thereof by the other parties thereto, as applicable, constitute the legal, valid and binding obligations of the Port of Los Angeles enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought; and the Use and Operating Agreement and the Use Permit (collectively, the "Port Agreements") constitute legal, valid and binding obligations of the Port of Los Angeles enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought;

(e) the execution and delivery by the Port of Los Angeles of this Letter of Representation and the Continuing Disclosure Certificate, the performance by the Port of Los Angeles of its obligations hereunder and under the Continuing Disclosure Certificate and the Port Agreements, and the consummation of the transactions herein and therein contemplated do not and will not (i) conflict with any of the terms, conditions or provisions of the Charter of the City of Los Angeles, or (ii) conflict with, result in a material breach of or constitute a material default under any of the terms or conditions of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Port of Los Angeles is a party, or any laws, judgment, decree, rules or regulations applicable to Port of Los Angeles of any court or other governmental body or any other applicable requirement of law, except for conflicts, breaches or defaults which, individually or in the aggregate, would not materially and adversely affect the Port of Los Angeles's ability to perform its obligations under this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body was or is required for the execution and delivery of, and performance by the Port of Los Angeles of its obligations under this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements or the consummation by the Port of Los Angeles of the transactions contemplated herein or therein;

(f) there are no legal or governmental proceedings pending to which the Port of Los Angeles is a party or of which any property of the Port of Los Angeles is the subject, which the Port of Los Angeles has reasonable cause to believe will, either individually or in the aggregate, have a material adverse effect on the current or future financial position or results of operations of the Port of Los Angeles; and, to the best of the Port of Los Angeles's knowledge, no such proceedings are threatened by governmental authorities or threatened by others;

(g) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of the Port of Los Angeles's knowledge, threatened against the Port of Los Angeles contesting or affecting the powers of the Port of Los Angeles with respect to, or the validity or enforceability of, or any authority for, this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements;

(g) the Port of Los Angeles is not in material breach of or in material default under any of the Port Agreements, and to its knowledge, the Port of Los Angeles is not in material breach of or in material default under any loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the Port of Los Angeles is, or on or after the date of the Closing will be, a party or to which the Port of Los Angeles or any of its properties or assets is otherwise subject, and no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a material breach of or material default or event of default under any such agreement, law, regulation or instrument.

2. The Port of Los Angeles will undertake, pursuant to the Use and Operating Agreement and the Continuing Disclosure Certificate, to provide certain annual financial and operating information and to provide notices upon the occurrence of certain enumerated events. The form of this undertaking is set forth in the Continuing Disclosure Certificate included as Appendix D in the Preliminary Official Statement and in the Official Statement. During the previous five years, the Port of Los Angeles has not failed to comply in any material respect with any of its previous undertakings under Rule 15c2-12.

3. The Port of Los Angeles acknowledges and agrees that (i) in connection with the purchase and sale of the Bonds and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and not as the agents or fiduciaries of the Port of Los Angeles; (ii) the Underwriters have not assumed a fiduciary responsibility in favor of the Port of Los Angeles with respect to: (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliates of the Underwriters, have advised or are currently advising the Port of Los Angeles on other matters) or (b) any other obligation to the Port of Los Angeles except the obligations expressly set forth in the Bond Purchase Agreement and in this Letter of Representation; and (iii) the Port of Los Angeles has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with this transaction.

4. At the Closing, the Port of Los Angeles shall cause to be delivered to you the opinion of counsel to the Port of Los Angeles referred to in Paragraph 9(e)(x) of the Purchase Agreement.

[Signature page follows]

5. No representation or covenant herein shall be deemed to be the representation or covenant of any official, officer, agent or employee of the Port of Los Angeles in his or her individual capacity.

Very truly yours,

**THE CITY OF LOS ANGELES,
BY ITS BOARD OF HARBOR
COMMISSIONERS**

By: _____
Title:

Accepted as of the date hereof:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative of the Underwriters

By: _____
Name: [_____]
Title: [_____]

Alameda Corridor Transportation Authority

By: _____
Name: John Doherty
Title: Chief Executive Officer

Letterhead of the Port of Long Beach

LETTER OF REPRESENTATION

_____, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters

[ADDRESS]

[ADDRESS]

Alameda Corridor Transportation Authority
3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Ladies and Gentlemen:

The Alameda Corridor Transportation Authority (the “Authority”) proposes to issue the \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), and \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds” and together with the Series 2016A Bonds, the “Bonds”), pursuant to a Master Trust Indenture, dated as of January 1, 1999 (the “Master Indenture”), as supplemented and amended by the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture and the Fourth Supplemental Trust Indenture, each dated as of January 1, 1999, the Fifth Supplemental Trust Indenture, dated as of June 1, 2003, the Sixth Supplemental Trust Indenture and the Seventh Supplemental Trust Indenture, each dated as of February 1, 2004, the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, the Ninth Supplemental Trust Indenture, dated as of February 1, 2013 (collectively, the “Prior Supplemental Indentures”), and by the Tenth Supplemental Trust Indenture and the Eleventh Supplemental Trust Indenture, each to be dated as of _____, 2016 (the “Tenth Supplemental Indenture” and the “Eleventh Supplemental Indenture,” respectively, and the Master Indenture, as supplemented and amended by the Prior Supplemental Indentures and by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Authority, BNSF Railway Company (“BNSF”), the Union Pacific Railroad Company (“Union Pacific” and together with BNSF, the “Railroads”), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the “Port of Los Angeles”), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Port of Long Beach” and together with the Port of Los Angeles, the “Ports”) have entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended by

the First Amendment to Alameda Corridor Use and Operating Agreement, dated as of July 5, 2006 (collectively, the “Use and Operating Agreement”), pursuant to which the Railroads have agreed to pay certain fees and charges for the use of the Rail Corridor and the Ports have agreed to make certain Shortfall Advances on the terms and subject to the conditions set forth therein. Certain revenues and other moneys to be derived by the Authority in connection with the Use and Operating Agreement are being pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are being sold pursuant to a Bond Purchase Agreement, dated _____, 2016 (the “Purchase Agreement”), between the Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the “Representative”) of the Underwriters named therein.

Capitalized terms used but not defined herein shall have the meanings given such terms in the Purchase Agreement or in the Use and Operating Agreement.

1. To induce the Authority and the Representative to enter into the Purchase Agreement and the Underwriters to purchase and reoffer the Bonds as contemplated in the Purchase Agreement, the Port of Long Beach hereby represents and agrees with each of you as follows:

(a) the information relating to the Port of Long Beach in the Preliminary Official Statement relating to the Bonds, dated _____, 2016, of the Alameda Corridor Transportation Authority (collectively, the “Preliminary Official Statement”), and in the Official Statement relating to the Bonds, dated _____, 2016 (the “Official Statement”), under the headings “INTRODUCTION—The Ports,” “AUTHORITY REVENUES—Recent and Budgeted Containerized Cargo Throughput and Revenue Collections,” “THE PORTS” and “CONTINUING DISCLOSURE—The Authority and the Ports” and in Appendix C, has been provided to the Authority by the Port of Long Beach for use in the Preliminary Official Statement and the Official Statement and is true and correct, and such information includes certain financial statements and other historical information with respect to the Port of Long Beach, which fairly present the financial position of the Port of Long Beach as of the dates indicated and the results of its operations, for the periods therein specified, and are in conformity with generally accepted accounting principles applicable to the Port of Long Beach applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Port of Long Beach since the date thereof;

(b) since the date of the Port of Long Beach’s audited financial statements included in the Preliminary Official Statement and in the Official Statement, the Port of Long Beach has not sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement; and, there has not been any material adverse change affecting the financial position or results of operations of Port of Long Beach, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement;

(c) the City of Long Beach has been duly incorporated and is a validly existing charter city under the laws of the State of California, with power and authority vested in

its Board of Harbor Commissioners to manage its properties, and to conduct its business as described in the Preliminary Official Statement and in the Official Statement;

(d) this Letter of Representation and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Port of Long Beach and, assuming the due execution and delivery thereof by the other parties thereto, as applicable, constitute the legal, valid and binding obligations of the Port of Long Beach enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought; and the Use and Operating Agreement and the Use Permit (collectively, the "Port Agreements") constitute legal, valid and binding obligations of the Port of Long Beach enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought;

(e) the execution and delivery by the Port of Long Beach of this Letter of Representation and the Continuing Disclosure Certificate, the performance by the Port of Long Beach of its obligations hereunder and under the Continuing Disclosure Certificate and the Port Agreements, and the consummation of the transactions herein and therein contemplated do not and will not (i) conflict with any of the terms, conditions or provisions of the Charter of the City of Long Beach, or (ii) conflict with, result in a material breach of or constitute a material default under any of the terms or conditions of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Port of Long Beach is a party, or any laws, judgment, decree, rules or regulations applicable to Port of Long Beach of any court or other governmental body or any other applicable requirement of law, except for conflicts, breaches or defaults which, individually or in the aggregate, would not materially and adversely affect the Port of Long Beach's ability to perform its obligations under this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body was or is required for the execution and delivery of, and performance by the Port of Long Beach of its obligations under this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements or the consummation by the Port of Long Beach of the transactions contemplated herein or therein;

(f) there are no legal or governmental proceedings pending to which the Port of Long Beach is a party or of which any property of the Port of Long Beach is the subject, which the Port of Long Beach has reasonable cause to believe will, either individually or in the aggregate, have a material adverse effect on the current or future financial position or results of operations of the Port of Long Beach; and, to the best of the Port of Long Beach's knowledge, no such proceedings are threatened by governmental authorities or threatened by others;

(g) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of the Port of Long Beach's knowledge, threatened against the Port of Long Beach contesting or affecting the powers of the Port of Long Beach with respect to, or the validity or enforceability

of, or any authority for, this Letter of Representation, the Continuing Disclosure Certificate or the Port Agreements;

(h) the Port of Long Beach is not in material breach of or in material default under the Port Agreements, and to its knowledge, the Port of Long Beach is not in material breach of or in material default under any loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the Port of Long Beach is, or on or after the date of the Closing will be, a party or to which the Port of Long Beach or any of its properties or assets is otherwise subject, and no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a material breach of or material default or event of default under any such agreement, law, regulation or instrument.

2. The Port of Long Beach will undertake, pursuant to the Use and Operating Agreement and the Continuing Disclosure Certificate, to provide certain annual financial and operating information and to provide notices upon the occurrence of certain enumerated events. The form of this undertaking is set forth in the Continuing Disclosure Certificate included as Appendix D in the Preliminary Official Statement and in the Official Statement. During the previous five years, the Port of Long Beach has not failed to comply in any material respect with any of its previous undertakings under Rule 15c2-12.

3. The Port of Long Beach acknowledges and agrees that (i) in connection with the purchase and sale of the Bonds and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and not as the agents or fiduciaries of the Port of Long Beach; (ii) the Underwriters have not assumed a fiduciary responsibility in favor of the Port of Long Beach with respect to: (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliates of the Underwriters, have advised or are currently advising the Port of Long Beach on other matters) or (b) any other obligation to the Port of Long Beach except the obligations expressly set forth in the Bond Purchase Agreement and in this Letter of Representation; and (i) the Port of Long Beach has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with this transaction.

4. At the Closing, the Port of Long Beach shall cause to be delivered to you the opinion of counsel to the Port of Long Beach referred to in Paragraph 9(e)(x) of the Purchase Agreement.

[Signature page follows]

5. No representation or covenant herein shall be deemed to be the representation or covenant of any official, officer, agent or employee of the Port of Long Beach in his or her individual capacity.

Very truly yours,

**City of Long Beach, California, acting by
and through its Board of Harbor
Commissioners**

By: _____
Title:

Accepted by:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative of the Underwriters

By: _____
Name: [_____]
Title: [_____]

Alameda Corridor Transportation Authority

By: _____
Name: John Doherty
Title: Chief Executive Officer

EXHIBIT E
PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[TO BE UPDATED BY BOND COUNSEL]

[Closing]

Alameda Corridor Transportation Authority
Long Beach, California 90806

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters (defined below)
[ADDRESS]
[ADDRESS]

We have served as bond counsel to our client the Alameda Corridor Transportation Authority (the “Authority”) and not as counsel to any other person in connection with the issuance by the Authority of its \$_____ aggregate principal amount of Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), \$_____ aggregate principal amount of Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds”) and \$_____ aggregate principal amount of Taxable Second Subordinate Lien Revenue Refunding Bonds, Series 2016C (the “Series 2016C Bonds” and together with the Series 2016A Bonds and the Series 2016B Bonds, the “2016 Bonds”), dated the date of this letter.

We have rendered on this date our legal opinion as bond counsel concerning the 2016 Bonds (the “Legal Opinion”). This supplemental opinion letter is rendered pursuant to Section 9(e)(vi) of the Bond Purchase Agreement, dated _____, 2016 (the “Purchase Agreement”), among the Authority and the Underwriters therein named. The Underwriters may rely on the Legal Opinion as if addressed to them.

Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the 2016 Bonds, the Indenture, the Purchase Agreement, the Amended and Restated Joint Exercise of Powers Agreement, dated as of December 18, 1996, between the City of Long Beach and the City of Los Angeles (including all amendments thereto, the “JPA Agreement”), the Use and Operating Agreement and such other documents, matters and law as we deem necessary to render the opinions and advice set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Authority is a joint powers authority of the State duly created under the Act, and is in compliance with the provisions of the Act in respect of the issuance and sale of the 2016 Bonds, the execution and delivery of the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and the Purchase Agreement, the adoption of the Series 2016 Resolutions and the performance of its obligations under each of the Transaction Documents.
2. The Authority has the power and authority under the Act and the JPA Agreement (a) to adopt the Series 2016 Resolutions, (b) to execute and deliver the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, the Purchase Agreement and the Official Statement, (c) to issue, sell and deliver the 2016 Bonds to the Underwriters as provided in the Purchase Agreement, (d) to approve and authorize the distribution of the Preliminary Official Statement, (e) to approve and authorize the execution and distribution of the Official Statement and (f) to collect and pledge the Revenues, to grant the liens and security interests and to collect and apply the M & O Charges, all as described in the Indenture, and (g) to perform all other obligations required to be performed by the Authority as described in the Transaction Documents.
3. The Authority has (a) duly authorized and adopted the Series 2016 Resolutions, (b) duly authorized and approved the execution and delivery of, and the performance by the Authority of its obligations contained in, the 2016 Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and the Purchase Agreement, (c) duly authorized and ratified the delivery of the Preliminary Official Statement to the Underwriters and the distribution by the Underwriters of the Preliminary Official Statement to potential purchasers of the 2016 Bonds and (d) duly authorized and approved the execution of, and the delivery to the Underwriters of, the Official Statement and the distribution by the Underwriters of the Official Statement to potential purchasers and purchasers of the 2016 Bonds.
4. The Official Statement, 2016 Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and the Purchase Agreement have each been duly executed by the Authority.
5. The Escrow Agreement, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Continuing Disclosure Certificate and the Purchase Agreement each constitute the valid and binding obligation of the Authority.
6. No recording, registration or filing of any of the 2016 Bonds or the Indenture, or any financing statement or other instrument with respect thereto, is necessary to create the pledge of Revenues or the liens created under the Indenture or is required for the validity and enforceability thereof.

7. The Authority has complied with all applicable consent provisions expressly set forth in the Use and Operating Agreement and the Indenture relating to the consummation of each of the transactions contemplated in the 2016 Bonds, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Escrow Agreement, the Series 2016 Resolutions, the Purchase Agreement and the Continuing Disclosure Certificate.
8. The 2016 Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We also advise you that the statements in the Official Statement under the captions “INTRODUCTION—Authority for the Series 2016 Bonds” and “—Security and Sources of Payment for the Bonds,” “DESCRIPTION OF THE SERIES 2016 BONDS” (other than the information relating to DTC and its book-entry system, as to which we express no view), “THE AUTHORITY’S REFINANCING PROGRAM—The Series 2016 Bonds,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” and in APPENDIX C—“SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—The Indenture” and “—The Use and Operating Agreement,” excluding any material that may be treated as included under such captions by cross reference, insofar as such statements describe certain provisions of the Indenture and Use and Operating Agreement, and the statements under the caption “TAX MATTERS,” are accurate and fairly present the information purported to be shown.

The opinions and advice stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon: (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority and (iii) the correctness of the legal conclusions contained in the legal opinion letters of the Co-General Counsel to the Authority delivered in connection with this matter.

The rights of the Underwriters under the Purchase Agreement, the rights of the Owners and the beneficial owners of the 2016 Bonds under the Continuing Disclosure Certificate, and the rights of the parties under the [Fourth] Amendment, and the enforceability of each of these documents, are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. 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 these documents.

This letter is furnished to the Underwriters solely for their benefit in their capacity as Underwriters and in connection with the original issuance of the 2016 Bonds, and may not be relied upon for any other purpose or by any other person, including the holders, owners or beneficial owners of the 2016 Bonds. The opinions and advice in this letter are stated only as of

this date, and no other opinion or advice shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the 2016 Bonds has concluded on this date.

Respectfully submitted,

EXHIBIT F

FORM OF OPINION OF UNDERWRITERS' COUNSEL

[TO BE PROVIDED]

UNDERWRITERS

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Barclays Capital Inc.

Citigroup Global Markets Inc.

RBC Capital Markets, LLC

Stifel Nicolaus & Company, Incorporated

BOND TERMS

\$ _____

**TAX-EXEMPT SUBORDINATE LIEN REVENUE REFUNDING BONDS
SERIES 2016A**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
--	---	--	---------------------	---------------------

* Insured Bonds.

** Priced to a par call date of October 1, 20__.

\$ _____

**TAX-EXEMPT SECOND SUBORDINATE LIEN REVENUE REFUNDING BONDS
SERIES 2016B**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
--	---	--	---------------------	---------------------

* Insured Bonds.

** Priced to a par call date of October 1, 20__.

Redemption Provisions:

Optional Redemption of Series 2016A Bonds and Series 2016B Bonds. The Series 2016 Tax-Exempt Bonds of each Series maturing on or after [October 1, 2027] are redeemable at the option of the Authority on or after [April 1, 2026] in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to ____% of the principal amount of Series 2016 Tax-Exempt Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Bonds are not subject to mandatory sinking fund redemption.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption as provided for in the Master Indenture and as described in the Preliminary Official Statement and in the Official Statement.

OPERATING AGREEMENTS

[UNDER REVIEW]

Amended and Restated Joint Exercise of Powers Agreement, dated as of December 18, 1996, between the City of Long Beach, California and the City of Los Angeles, California, as amended by the First Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated as of July 1, 2006 (collectively, the “Joint Powers Agreement”)

Use Permit, dated October 12, 1998 (the “Use Permit”), between the Authority and the Ports

Alameda Corridor Dispatching Agreement, dated as of January 30, 2002, by and among the Authority and the Railroads, as amended (the “Dispatching Agreement”)

Alameda Corridor Maintenance Agreement (Rail Corridor and Non-Rail Components), dated as of dated as of April 15, 2007, by and between the Authority and Balfour Beatty Rail Inc., as subdivision of Balfour Beatty Industries (“Balfour”), as amended (collectively, the “Maintenance Agreement”)

Alameda Corridor Police and Security Services Agreement, dated as of October 15, 2002, between the Authority and the Railroads, as amended (the “Security Services Agreement”)

Exhibit B

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2016

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: See "Ratings" herein.

In the opinion of Nixon Peabody LLP, Special Tax Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority described herein, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Special Tax Counsel is further of the opinion that interest on the Series 2016 Bonds is exempt from personal income taxes of the State of California under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

Alameda Corridor Transportation Authority

\$9,000,000*	\$657,940,000*
Tax-Exempt Subordinate Lien Revenue Refunding Bonds Series 2016A	Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds Series 2016B

Dated: Date of Delivery **Due: As shown on inside cover page**
 The Alameda Corridor Transportation Authority (the "Authority") is issuing its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and its Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Series 2016 Bonds"), among other purposes (i) to refund, and/or to defease to maturity, a portion of the Authority's Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A (the "Refunded Series 2004A Bonds"); (ii) to purchase debt service reserve fund surety policies; [(iii) to purchase a municipal bond insurance policy;] and (iv) to pay costs of issuing the Series 2016 Bonds. **The issuance of the Series 2016 Bonds and the refunding and defeasance of the Refunded Series 2004A Bonds are subject to market conditions.**

The Series 2016 Bonds are being issued pursuant to the Joint Exercise of Powers Act, California Government Code Sections 6500, *et seq.*, and pursuant to a Master Trust Indenture, as amended and supplemented, between the Authority and U.S. Bank National Association, as trustee. Except as described herein, the Series 2016 Bonds are payable solely from and are secured solely by a pledge of the Trust Estate, which consists primarily of Revenues. In general, Revenues include, among other things, Use Fees and Container Charges to be paid by the Union Pacific Railroad Company and BNSF Railway Company (together, the "Railroads") and Shortfall Advances to be paid under certain circumstances by the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the "Port of Los Angeles"), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the "Port of Long Beach" and together with the Port of Los Angeles, the "Ports"), as described herein. The Railroads and the Ports are obligated only to make certain payments required by the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended, among the Authority, the Ports and the Railroads, and are not responsible for paying, and are not guaranteeing the payment of, the principal of, premium, if any, or interest on the Series 2016 Bonds.

The Series 2016 Bonds are being 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 2016 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 interests in the Series 2016 Bonds. Interest on the Series 2016 Bonds will be payable on April 1 and October 1, commencing October 1, 2016. So long as the Series 2016 Bonds are held by DTC, the principal of and the interest on the Series 2016 Bonds will be payable to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to beneficial owners of the Series 2016 Bonds.

The Series 2016 Bonds are subject to extraordinary and optional redemption prior to maturity as described herein.

The scheduled payment of principal of and the interest on the Series 2016 Bonds maturing on [October 1 of the years _____ through _____] (collectively, the "Insured Series 2016 Bonds") when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2016 Bonds by _____.

[logo to come]

There are risks associated with the purchase of the Series 2016 Bonds. Potential purchasers are advised to review carefully this entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.

THE SERIES 2016 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND, EXCEPT AS DESCRIBED HEREIN, ARE PAYABLE SOLELY FROM AND ARE SECURED SOLELY BY A LIEN ON THE TRUST ESTATE. THE SERIES 2016 BONDS ARE NOT OBLIGATIONS OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA AND ARE NOT OBLIGATIONS OF THE CITY OF LONG BEACH OR THE CITY OF LOS ANGELES (COLLECTIVELY, THE "CITIES"), THE PORTS OR THE RAILROADS. THE PROJECT DESCRIBED IN THIS OFFICIAL STATEMENT IS NOT SECURITY FOR THE SERIES 2016 BONDS, AND THE SERIES 2016 BONDS ARE NOT SECURED BY A LIEN ON ANY PROPERTIES OR IMPROVEMENTS OF THE AUTHORITY, THE CITIES, THE PORTS OR THE RAILROADS OR BY A PLEDGE OF ANY REVENUES OF THE CITIES, THE PORTS OR THE RAILROADS.

The Series 2016 Bonds are offered when, as and if issued, subject to receipt of the legal opinions of O'Melveny & Myers LLP, Los Angeles, California, Bond Counsel to the Authority, and Nixon Peabody LLP, Special Tax Counsel to the Authority. Certain legal matters will be passed upon for the Authority by one of its Co-General Counsel. Certain legal matters will be passed upon for the Port of Los Angeles by the Office of the Los Angeles City Attorney and for the Port of Long Beach by the Office of the Long Beach City Attorney. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. Polsinelli LLP, Los Angeles, California, serves as Disclosure Counsel to the Authority in connection with certain of the Authority's disclosure matters. See "LEGAL MATTERS." It is expected that delivery of the Series 2016 Bonds will be made through DTC on or about May __, 2016.

BofA Merrill Lynch **RBC Capital Markets** **Barclays** **Stifel**
Citigroup

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these Series 2016 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.

\$9,000,000*
TAX-EXEMPT SUBORDINATE LIEN REVENUE REFUNDING BONDS
SERIES 2016A

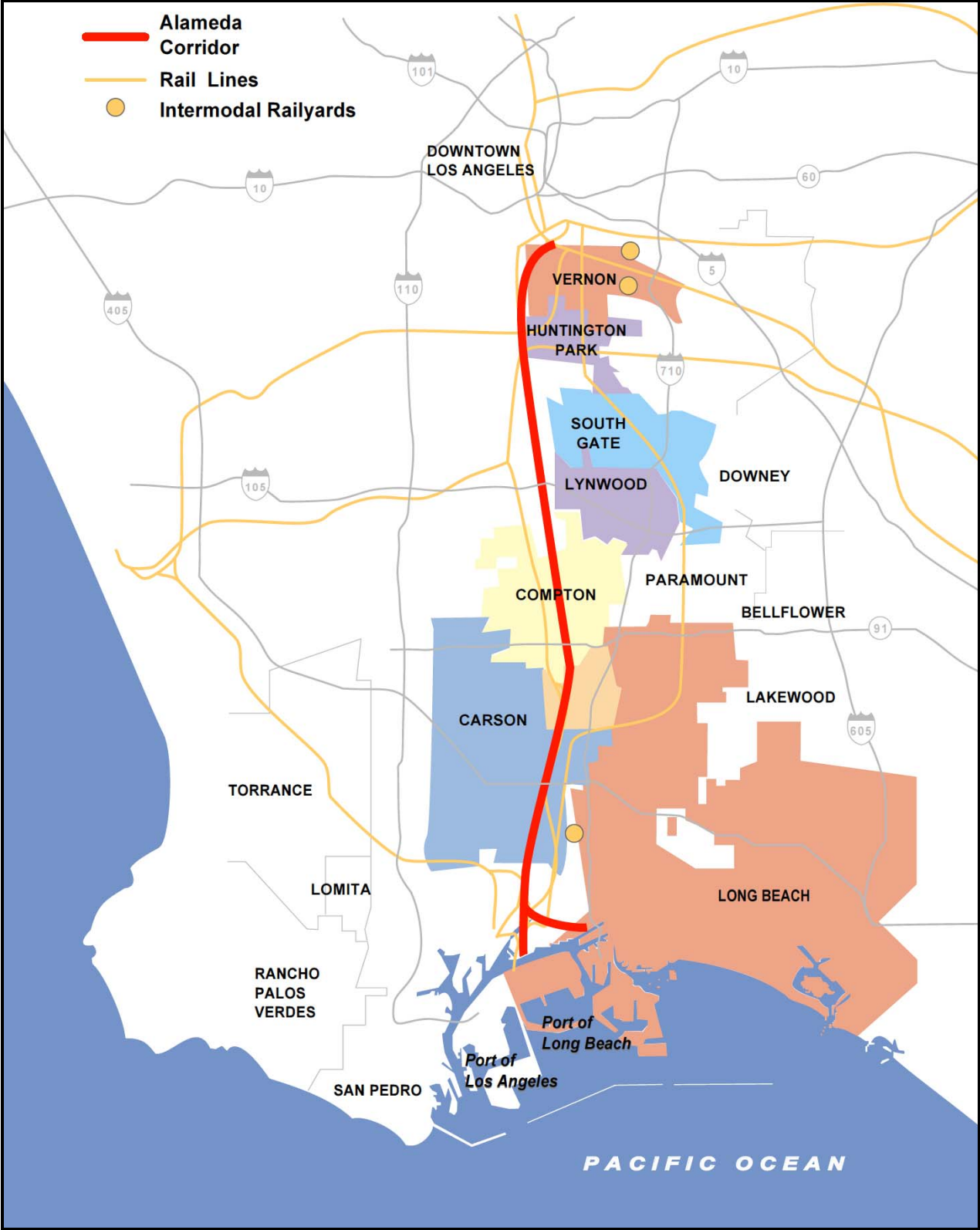
Maturity Date (October 1)*	Principal Amount*	Interest Rate	Price or Yield	CUSIP No. (010869)†
2021	\$1,000,000			
2022	6,000,000			
2023	--			
2024	1,000,000			
2025	1,000,000			

\$657,940,000*
TAX-EXEMPT SECOND SUBORDINATE LIEN REVENUE REFUNDING BONDS
SERIES 2016B

Maturity Date (October 1)*	Principal Amount*	Interest Rate	Price or Yield	CUSIP No. ([____])†
2034	\$153,225,000			
2035	160,890,000			
2036	168,130,000			
2037	175,695,000			

* Preliminary, subject to change.

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ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806

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Councilmember, City of Long Beach

Joe Buscaino, *Vice Chair*
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Transportation Authority*

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INDEPENDENT AUDITOR

Moss Adams LLP
Irvine, California

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations, other than the information and representations contained in this Official Statement, in connection with the offering of the Series 2016 Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Ports, the Railroads or the Underwriters. This Official Statement does not constitute an offer to sell or a solicitation of sale of the Series 2016 Bonds in any jurisdiction in which such offer or sale would be unlawful.

The information contained in this Official Statement is 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 Authority, the Ports, the Railroads [or the Series 2016 Bond Insurer] since the date hereof.

The information about the Ports in this Official Statement was provided by the Ports. The Authority makes no representation concerning such information.

The information contained in this Official Statement has not been provided by or reviewed by the Railroads, and the information about the Railroads set forth herein has been obtained from publicly available information filed with the Securities and Exchange Commission. The Authority makes no representation concerning the information about the Railroads. See Appendix D.

The Ports' Independent Consultant prepared for the Ports the Report of the Ports' Independent Consultant, a copy of which is attached to this Official Statement as Appendix K. The Report of the Ports' Independent Consultant was commissioned by the Ports. The Ports provided the Report of the Ports' Independent Consultant to the Authority for use by the Authority in connection with developing its restructuring program and the preparation of this Official Statement. The Authority has not independently confirmed or verified the accuracy or the completeness of the information in the Report of the Ports' Independent Consultant.

It is not possible for the Authority to verify all of the information provided by third parties, including the Ports and the Railroads.

[BOND INSURER DISCLAIMERS TO COME]

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT ARE NOT INTENDED TO REFLECT HISTORICAL FACTS BUT ARE ESTIMATES AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS AND FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "FORECAST," "ANTICIPATE," "EXPECT," "ASSUME," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINION, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

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 respective 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.

In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the Series 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

Alameda Corridor Transportation Authority

\$ _____ * Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A

\$ _____ * Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide information concerning the Alameda Corridor Transportation Authority (the "Authority") and the proposed issuance by the Authority of \$ _____ * aggregate principal amount of its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and \$ _____ * aggregate principal amount of its Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Series 2016 Bonds").

Proceeds to be received from the sale of the Series 2016 Bonds are to be applied, among other purposes, to refund, and/or defease to maturity, a portion of the Authority's outstanding Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A (the "Series 2004A Bonds"). The refunded and/or defeased portions of the Series 2004A Bonds are defined herein as the "Refunded Series 2004A Bonds." A portion of the proceeds of the Series 2016 Bonds of each series also are to be applied to purchase debt service reserve fund surety policies and to pay costs of issuing the Series 2016 Bonds. See Tables 2A and 2B under "THE AUTHORITY'S RESTRUCTURING PROGRAM."

The Series 2016A Bonds, the Authority's outstanding Subordinate Lien Bonds and any additional Subordinate Lien Bonds issued on a parity therewith are referred to in this Official Statement as "First Subordinate Lien Bonds." The Series 2016B Bonds will be the initial Second Subordinate Lien Bonds to be issued by the Authority, and the Series 2016B Bonds and any additional Second Subordinate Lien Bonds issued on a parity therewith are referred to in this Official Statement as "Second Subordinate Lien Bonds." The outstanding Senior Lien Bonds and First Subordinate Lien Bonds, together with the Series 2016 Bonds and any Senior Lien Bonds, First Subordinate Lien Bonds and Second Subordinate Lien Bonds that may be issued in the future, are referred to in this Official Statement as the "Bonds." See "THE AUTHORITY'S OUTSTANDING BONDS" and "THE AUTHORITY'S RESTRUCTURING PROGRAM."

As of March 31, 2016, \$1,075,904,710 aggregate principal amount or accreted value of Senior Lien Bonds and \$991,270,507 aggregate principal amount or accreted value of Subordinate Lien Bonds, including the Series 2004A Bonds, were outstanding. After giving effect to the issuance of the Series 2016 Bonds, and the refunding and defeasance of the Refunded Series 2004A Bonds, the First Subordinate Lien Bonds will be outstanding in the aggregate principal amount or accreted value of \$ _____.*

The Authority is issuing the Series 2016 Bonds and refunding and defeasing the Refunded Series 2004A Bonds to restructure a portion of its outstanding indebtedness (i) to better align debt service on the Authority's Bonds with estimated future Revenues and (ii) to potentially reduce the frequency and amount of future Shortfall Advances (as defined herein). The issuance of the Series 2016 Bonds and the refunding and defeasance of the Series 2004A Bonds are subject to market conditions. If in the opinion of Authority management the Authority's financial goals will not be achieved by such issuance, refunding and defeasance,

* Preliminary, subject to change.

some or all of the Series 2016 Bonds may not be offered or sold and some of the Series 2004A Bonds may not be refunded or defeased. See “THE AUTHORITY’S RESTRUCTURING PROGRAM.”

Authority for the Series 2016 Bonds

The Authority’s outstanding Bonds were issued pursuant to the Act described below and pursuant to a Master Trust Indenture, dated as of January 1, 1999, as amended and supplemented (the “Master Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2016A Bonds are being issued pursuant to the Act and the Master Indenture, as supplemented by a Tenth Supplemental Trust Indenture, to be dated as of May 1, 2016, by and between the Authority and the Trustee, and the Series 2016B Bonds are being issued pursuant to the Act and the Master Indenture, as supplemented by an Eleventh Supplemental Trust Indenture, to be dated as of May 1, 2016, by and between the Authority and the Trustee. The Master Indenture, as previously amended and supplemented and as supplemented by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, is referred to in this Official Statement as the “Indenture.” The issuance of the Series 2016 Bonds, the execution and delivery by the Authority of the Tenth and Eleventh Supplemental Indentures and certain other matters related to the issuance of the Series 2016 Bonds and the refunding and defeasance of the Refunded Series 2004A Bonds were authorized by the Governing Board of the Authority (the “Governing Board”) pursuant to Resolution No. 16-2, adopted by the Governing Board on March 10, 2016, and Resolution No. 16-3, adopted by the Governing Board on April 14, 2016.

Capitalized terms used in this Official Statement but not otherwise defined herein are defined in the Indenture or in the Operating Agreement described below. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—Definitions” and “—USE AND OPERATING AGREEMENT—Certain Definitions” in Appendix E.

The Authority

The Authority is a joint exercise of powers authority created by the City of Long Beach, California and the City of Los Angeles, California (collectively, the “Cities”) pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500 and following (as it may be amended and supplemented, the “Act”), and organized under an Amended and Restated Joint Exercise of Powers Agreement, dated as of December 18, 1996, as amended (the “Joint Powers Agreement”), between the Cities. The Authority was created primarily for the purpose of acquiring, constructing, financing and operating a consolidated transportation corridor, which includes the Rail Corridor described below. See “THE AUTHORITY.”

The Ports, the Railroads and the Rail Corridor

In 1998, the Authority entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998 (as amended as of July 5, 2006, the “Operating Agreement”), with the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the “Port of Los Angeles” or “POLA”), the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Port of Long Beach” or “POLB” and together with POLA, the “Ports”), 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”). In the Operating Agreement, the Authority agreed to undertake the design and construction of the Rail Corridor, described below, and related improvements and the operation and maintenance thereof at the direction of an Operating Committee. See “THE RAIL CORRIDOR AND RELATED PROJECTS—Maintenance and Operation of the Rail Corridor.” The Operating Agreement also provides for the operation, repair and maintenance of the Rail Corridor and related projects (collectively, the “Project”) and certain other matters. See “—The Railroads,” “THE RAIL CORRIDOR AND RELATED PROJECTS—The Use Permit and the Operating Agreement” and “_____.”

The Rail Corridor consists of an approximately 20-mile long, multiple-track rail system that links the rail yards and tracks at the Ports' facilities with the transcontinental rail routes near downtown Los Angeles and includes certain bridges, underpasses, overpasses, roadways and related street improvements. The Rail Corridor consists of three segments: the South End (the "South End Segment"), the North End (the "North End Segment") and connecting the North End Segment and the South End Segment, the Mid-Corridor or the "trench" (the "Mid-Corridor Segment"). The Mid-Corridor Segment includes an approximately 10-mile long, 50-foot wide, triple-track segment built approximately 33 feet below street level and parallel to Alameda Street. The Rail Corridor consolidated freight rail traffic from approximately 90 miles of pre-existing rail lines onto an integrated system separated from non-rail traffic. See "THE RAIL CORRIDOR AND RELATED PROJECTS."

Revenues from the Rail Corridor

Pursuant to the Operating Agreement, the Railroads are required to pay Use Fees and Container Charges in connection with the use of the Rail Corridor and the movement of Waterborne Containers (containers that are loaded onto or discharged from a vessel or barge at the Ports) that originate or terminate at the Ports and are transported by rail into or out of Southern California and in connection with Non-Waterborne Containers that originate or terminate at the Ports. In the event the amount of Use Fees and Container Charges collected is not sufficient to pay certain of the Authority's obligations, including debt service on the Bonds, the Operating Agreement obligates each Port, severally and not jointly, to pay Shortfall Advances to cover up to 20% of the Annual Amount, which is comprised, among other things, of debt service then due on the Bonds, including the Series 2016 Bonds, certain Financing Fees and deposits to any debt service reserve fund. To date, the Ports have been required to pay Shortfall Advances twice, once in calendar year 2011 and once in calendar year 2012. The Ports' obligations to pay Shortfall Advances are subordinate to all of the Ports' other obligations, including the payment of operation and maintenance costs and debt service on the respective Ports' outstanding debt obligations. See "AUTHORITY REVENUES—Shortfall Advances," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "BONDHOLDERS' RISKS —Shortfall Advances Are Limited Subordinate Obligations of the Ports."

Service on the Rail Corridor began in April 2002. In early 2003, after several months of operations and revenue collections, the Authority became aware that revenues were less than originally forecast and were being collected on a smaller-than-expected percentage of Port container throughput, approximately 31% of the containers passing through the Ports instead of the expected 50%. Consultants commissioned by the Authority determined that in the years after the original Operating Agreement was signed and the first Bonds were issued, an industry practice known as "transloading" had taken hold. Cargo that formerly would have left the Southern California area by rail in their original containers increasingly was being trucked to distribution centers for consolidation in larger containers before leaving the area. The Authority's consultants estimated that for every three 20-foot equivalent units ("TEUs," the standard international measurement for cargo containers) leaving the Southern California area, two were leaving in their original containers (referred to as "intact") and one was leaving after being transloaded. Since then, the percentage of transloaded containers has grown from approximately 33% to approximately 45%.

The Authority determined that transloading was responsible for most of the reduction in the portion of Port cargo for which the Authority was collecting fees under the Operating Agreement and estimated that if the ratio of intact to transloaded cargo continued, the Authority would lose approximately \$1.5 billion in revenue between 2003 and 2025. The Railroads disputed the Authority's position that reloaded containers were subject to charges under the Operating Agreement, and between November 2004 and May 2006, negotiations and then formal mediation proceedings ensued to resolve the dispute. In 2006, a settlement was reached and the Operating Agreement was amended to provide for a permanent \$0.90/TEU increase in the Use Fees and Container Charges, an increase in the maximum annual inflation adjustment, a 25-year extension of the term of the Operating Agreement, and an additional fee in the event Shortfall Advances had to be paid. The Operating Agreement permits the Authority to increase the amount of the Use Fees for

loaded Waterborne Containers and the amount of Container Charges by a \$1.00/TEU Surcharge (including the annual increase in the amount of the Surcharge in accordance with the annual CPI adjustments) so long as Bonds (including any reimbursement obligations to Bond Insurers) are outstanding and until such Shortfall Advances, plus interest, are repaid. As of January 1, 2016, the Surcharge was adjusted to \$1.206 per TEU. See “AUTHORITY REVENUES,” “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Flow of Funds,” “AUTHORITY REVENUES—Shortfall Advances” and “BONDHOLDERS’ RISKS—Uncertainties of the Shipping Industry.”

Authority revenue increased after the Operating Agreement was amended but, as described below, the recession and the slow economic recovery resulted in reduced cargo transported through the Ports and on the Rail Corridor (non-containerized cargo as well as containerized cargo) and thus in lower revenue from Use Fees and Container Charges. Annual Revenues dropped from approximately \$92.5 million in calendar year 2008 to approximately \$77.9 million in calendar year 2009, for example, and although cargo volumes and revenues recovered thereafter (totaling approximately \$94.0 million in calendar year 2011 and approximately \$98.4 million in calendar year 2012), the Ports were required to make Shortfall Advances to help the Authority pay debt service on the Bonds in October 2011 and in October 2012. Revenues from Use Fees and Container Charges totaled approximately \$109.6 million in calendar year 2014 and approximately \$95.9 million in calendar year 2015. Revenue from Use Fees and Container Charges decreased in calendar 2015 as a result of congestion and contract issues at both Ports between April 2014 and June 2015. See “AUTHORITY REVENUES—Shortfall Advances” and “—Recent and Budgeted Cargo Throughput and Revenue Collection.”

A substantial portion of the Authority’s Outstanding Bonds are Capital Appreciation Bonds, and the amount of debt service that will become due on the Outstanding Bonds is scheduled to grow significantly as the accreted value of the capital appreciation Bonds grows, particularly over the next 10 years. For the Authority to be able to pay scheduled debt service on its Outstanding Bonds, even with Shortfall Advances, additional growth in cargo volume and revenues will be required. See “AUTHORITY REVENUES—Recent and Budgeted Cargo Throughput and Revenue Collections.” To minimize the need for Shortfall Advances in the future, the Authority instituted a program to reduce costs by reducing or freezing staff costs through the fiscal year ended June 30, 2015, by postponing or cancelling some of its planned capital projects, by implementing a program to reduce debt service by refinancing a portion of its Outstanding Bonds and by applying unexpended bond proceeds and available Revenues to retire portions of the Outstanding Bonds. The Authority issued Senior Bonds in 2012 and 2013 to refund a portion of Bonds issued in 1999. The issuance of the Series 2016 Bonds to refund and/or defease the Refunded Series 2004A Bonds is a continuation of the Authority’s restructuring program. See “THE AUTHORITY’S OUTSTANDING BONDS,” “THE AUTHORITY’S RESTRUCTURING PROGRAM” and “AUTHORITY REVENUES.”

Security and Sources of Payment for the Bonds

The Bonds, including the Series 2016 Bonds, are special, limited obligations of the Authority and except as described herein are payable solely from and are secured solely by a lien on the Trust Estate, which consists primarily of Revenues. “Revenues” includes Use Fees, Container Charges and Shortfall Advances. The Bonds are not obligations of the State of California or any political subdivision of the State of California and are not obligations of any of the Cities, the Ports or the Railroads. The Project is not security for the Bonds, and the Bonds are not secured by a lien on any properties or improvements of the Authority, the Cities, the Ports or the Railroads or by a pledge of any revenues of the Cities, the Ports or the Railroads.

The Railroads and the Ports are obligated only to make certain payments required by the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations.”

The Indenture provides that the liens and security interests created thereby for the benefit of the Trustee are a first and senior priority for the benefit of the owners of the Senior Lien Bonds, a second priority for the benefit of the owners of the First Subordinate Lien Bonds and a third priority for the benefit of the owners of the Second Subordinate Lien Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

When issued, the Series 2016A Bonds will be secured and payable on a parity with the Authority’s outstanding First Subordinate Lien Bonds and any First Subordinate Lien Bonds that may be issued in the future in accordance with the Indenture. When issued, the Series 2016B Bonds will be the initial Second Subordinate Lien Bonds to be issued under the Indenture and will be secured and payable on a parity with any Second Subordinate Lien Bonds issued in the future.

The Tenth Supplemental Indenture provides that only the Series 2016A Bonds will be secured by and have a lien on the Series 2016A Debt Service Reserve Account within the Subordinate Lien Debt Service Reserve Fund, and the Eleventh Supplemental Indenture provides that only the Series 2016B Bonds will be secured by and have a lien on the Series 2016 Second Subordinate Lien Debt Service Reserve Account within the Second Subordinate Lien Debt Service Reserve Fund. See “THE AUTHORITY’S OUTSTANDING BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Debt Service Reserve Accounts.”

[Series 2016 Bond Insurance Policy

[to come]

The Railroads

Union Pacific and BNSF are Class I freight railroads and are the largest railroads in North America. Union Pacific operates across approximately 32,000 route miles serving 23 states in the western two-thirds of the United States and cooperating with other carriers, handles freight to and from the Atlantic Coast, the Pacific Coast, the Southeast, the Southwest, Canada and Mexico. BNSF operates across approximately 32,500 route miles, reaching 28 states and three Canadian provinces. **The information about the Railroads included or referred to in this Official Statement is derived solely from public information filed by BNSF and by Union Pacific Corporation, the parent of Union Pacific, with the Securities and Exchange Commission. It is not possible for the Authority to verify all of the information provided by third parties, including the Railroads.** See “THE RAILROADS” and “BONDHOLDERS’ RISKS” below and “THE RAILROADS” in Appendix D.

The Railroads have agreed to pay Use Fees, Container Charges and M & O Charges in accordance with the Operating Agreement. Although the Use Fees and Container Charges (but not M & O Charges) paid by the Railroads are the primary source of Revenues pledged to the payment of the Bonds, the Railroads are obligated only to make the payments required by the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. Use Fees and Container Charges may be increased only in accordance with the terms of the Operating Agreement; the Authority cannot unilaterally increase Use Fees and Container Charges to address Revenue shortfalls, including to pay debt service on its Bonds. The Bonds and the Railroads’ payment obligations under the Operating Agreement are not secured by a lien on any properties or improvements of the Railroads or by a pledge of any revenues of the Railroads. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations” and “AUTHORITY REVENUES.” Although other railroad companies may in the future use the Rail Corridor under certain circumstances, the Railroads are currently, and are expected to remain, the sole users of the Rail Corridor.

The Ports

According to statistics compiled by the Journal of Commerce, POLA and POLB, combined, formed the tenth busiest container port complex in the world in calendar year 2014 (the last year for which such information has been reported).

POLA is located in San Pedro Bay, approximately 20 miles south of downtown Los Angeles, California, and comprises approximately 7,500 acres of land and water, approximately 43 miles of waterfront berthing and 27 passenger and cargo terminal facilities. According to the American Association of Port Authorities, during calendar year 2014, POLA was the busiest container port in North America in terms of cargo volume, handling approximately 8.3 million TEUs. POLA handled approximately 8.2 million TEUs during calendar year 2015. POLA is governed by the Los Angeles Board of Harbor Commissioners. See “THE PORTS” below and “THE PORT OF LOS ANGELES” in Appendix B.

POLB, located adjacent to POLA, is a harbor complex that covers approximately 7,600 acres of land and water and includes all of the harbor facilities of the City of Long Beach, California. POLB includes 31.5 miles of waterfront with approximately 65 deep-water cargo berths. According to the American Association of Port Authorities, during calendar year 2014, the Port of Long Beach was the second busiest container port in North America in terms of cargo volume, handling approximately 6.8 million TEUs. POLB handled approximately 7.2 million TEUs during calendar year 2015. POLB is operated and managed by the Harbor Department of the City of Long Beach. Pursuant to the Charter of the City of Long Beach, exclusive control and management of the Harbor Department of the City of Long Beach has been conferred on the Board of Harbor Commissioners of the City of Long Beach. See “THE PORTS” below and “THE PORT OF LONG BEACH” in Appendix C.

The Operating Agreement provides that under certain circumstances, the Ports will be obligated, severally and not jointly, to pay Shortfall Advances, which are part of the Revenues pledged to the payment of the Bonds, including the Series 2016 Bonds. The Ports are obligated only to make the payments required by the Operating Agreement (not to exceed for each Port in any calendar year 20% of the Annual Amount, as defined in the Operating Agreement). The Ports are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, and neither Port is responsible for paying more than 20% of the Annual Amount. In October 2011, the Ports were required to pay Shortfall Advances for the first time, in a total amount of \$5.9 million (\$2.95 million paid by each Port), and in October 2012, the Ports were required to pay additional Shortfall Advances in the total amount of \$5.9 million (\$2.95 million paid by each Port). The payment of Shortfall Advances by the Ports is payable after all of the Ports’ other obligations, including operation and maintenance costs, have been paid. The Bonds are not secured by a lien on any properties or improvements of the Ports or by a pledge of any revenues of the Ports. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations,” “AUTHORITY REVENUES— Shortfall Advances” and “BONDHOLDERS’ RISKS—Shortfall Advances Are Limited Subordinate Obligations of the Ports.”

The information about the Ports in this Official Statement was provided by the Ports. The Authority makes no representation concerning such information. It is not possible for the Authority to verify all of the information provided by third parties, including the Ports.

San Pedro Bay Cargo Forecasts; Report of the Ports’ Independent Consultant

Mercator International LLC and Oxford Economics (together, the “Ports’ Independent Consultant”) prepared for the Ports a report entitled *San Pedro Bay Long-Term Unconstrained Cargo Forecast* (the “Report of the Ports’ Independent Consultant”), a copy of which is attached hereto as Appendix K. The Report of the Ports’ Independent Consultant, incorporated herein by this reference, is part of this Official Statement and should be read in its entirety.

The Report of the Ports' Independent Consultant was commissioned by the Ports not to forecast use of the Rail Corridor or future Authority Revenues but to assist the Ports in developing their own long-term forecasts of cargo throughput through the Ports. Among other things, the Report of the Ports' Independent Consultant identifies key macroeconomic drivers and cost considerations that impact competitiveness and cargo throughput decisions and includes forecasts of long-term U.S. and Canada trade levels and competitiveness for containerized cargo and for non-containerized cargo, including dry- and liquid-bulk cargo, break-bulk cargo and vehicles and other roll-on/roll-off cargo. Included in the Report of the Ports' Independent Consultant is an analysis and forecast of containerized cargo volumes that are moved directly from a Port to an interior destination by rail, without transloading (referred to in the Report of the Ports' Independent Consultant as "Inland Point Intermodal" or "IPI" cargo). IPI cargo volumes generally are the container volumes that use the Rail Corridor or are trucked around the Rail Corridor, but are eligible for an Authority fee, both of which generate the Authority's Revenues. See "AUTHORITY REVENUES."

The Report of the Ports' Independent Consultant includes three macroeconomic scenarios, with three competitive adjustments applied to each, resulting in a total of nine scenarios. For discussions of the various scenarios and the competitive adjustments, see "_____ " and "_____ " in Appendix K.

The Ports provided the Report of the Ports' Independent Consultant to the Authority for use by the Authority in connection with developing its restructuring program and the preparation of this Official Statement. The Ports and the Authority note, however, that any forecast, including the Ports' Independent Consultant's forecasts of IPI volumes, is subject to uncertainties. Some or all of the assumptions used to develop the forecasts of cargo volumes, including IPI cargo volumes, and thus the basis of the estimated future Revenues included in this Official Statement, may not be realized, and unanticipated events and circumstances may occur. There may be differences between the forecasts, calculations and actual results, and those differences may be adverse and material. None of the Authority, the Ports, the Ports' Independent Consultant or any other person makes any representation or gives any assurance that the forecasts will reflect actual results. See "_____ " and "_____ " below and "_____ " in the Report.

Bondholders' Risks

There are important investment considerations and other risk factors associated with investment in the Series 2016 Bonds. See "BONDHOLDERS' RISKS" for a discussion of some of these considerations and risks. Any one or more of the risks discussed, and others, could lead to a decrease in the market value and/or in the liquidity of the Series 2016 Bonds[, notwithstanding the Series 2016 Bond Insurer's obligations to pay scheduled debt service on the Insured Series 2016 Bonds when due]. **Potential purchasers of the Series 2016 Bonds are advised to review this entire Official Statement, including the Report of the Ports' Independent Consultant, carefully.**

Continuing Disclosure

The Authority has covenanted for the benefit of the holders and beneficial owners of the Series 2016 Bonds to provide annually certain financial information and operating data and to provide notice of certain enumerated events. In connection with the Authority's continuing disclosure obligations, each of the Ports has covenanted for the benefit of the holders and beneficial owners of the Series 2016 Bonds to provide the Authority with certain annual financial information and operating data and to provide notice of certain enumerated events relating to the Ports. See "CONTINUING DISCLOSURE" below and the form of the Continuing Disclosure Certificate in Appendix H.

Separately, BNSF has covenanted in a continuing disclosure agreement that if BNSF is no longer subject to the information filing requirements of Section 13 or 15 of the federal Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Union Pacific also has covenanted that if neither Union Pacific nor its parent, Union Pacific Corporation, is subject to the information filing requirements of Section 13 or

15 of the Exchange Act, BNSF or Union Pacific, as applicable, will provide certain financial information and operating data for the benefit of the holders and beneficial owners of the Series 2016 Bonds. See “CONTINUING DISCLOSURE” below and Appendix D.

Miscellaneous

Brief descriptions of the Series 2016 Bonds, the Authority, the Railroads, the Ports, the Railroad Corridor and summaries of the Indenture, the Operating Agreement, the Use Permit and certain other documents are included in this Official Statement. Such summaries do not purport to be comprehensive or definitive. All references herein to such documents and to 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. Copies of such documents are available from the Authority upon written request. See “MISCELLANEOUS.”

The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made with respect hereto shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Ports, the Railroads [or the Series 2016 Bond Insurer] since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Authority and purchasers or owners of any of the Series 2016 Bonds.

THE AUTHORITY

The Authority is a joint exercise of powers authority created pursuant to the provisions of the Act and organized under the Joint Powers Agreement between the Cities. The Authority was created primarily for the purpose of acquiring, constructing, financing and operating a consolidated transportation corridor, which includes the Rail Corridor, and is authorized by the terms of the Joint Powers Agreement to conduct such activities (including issuance of the Series 2016 Bonds). As amended in 2006, the Joint Powers Agreement provides that its term will expire on the earlier of June 30, 2064 and June 30 of the second calendar year following the calendar year in which the Use Fees Termination Date (as defined in the Operating Agreement) occurs. See “AUTHORITY REVENUES—Collection of Use Fees and Container Charges; Revenue Verification System.”

The Authority is administered by a Governing Board of seven representatives, each serving in his or her individual capacity as a Governing Board member and each having a designated alternate. Two representatives are appointed by POLB, with at least one of the two being a member of its Board of Harbor Commissioners. POLA also appoints two representatives – one representative who is a member of its Board of Harbor Commissioners and the Executive Director of the Los Angeles Harbor Department as its second representative. The fifth representative is the elected councilperson representing the harbor district of the City of Los Angeles, and the sixth representative is a councilperson from the City of Long Beach, appointed by the Mayor of Long Beach. The final representative is appointed by the Los Angeles County Metropolitan Transportation Authority. The current representatives serving on the Governing Board are listed on the second page of this Official Statement.

Authority Management

The following individuals serve as officers for the Authority and oversee the day-to-day management of the Authority. In addition, Heather M. McCloskey, Deputy City Attorney of the Los Angeles City Attorney’s office, and Charles Gale, Deputy City Attorney of the City of Long Beach, serve as Co-General Counsel of the Authority.

John T. Doherty, P.E., Chief Executive Officer. Mr. Doherty was appointed Chief Executive Officer of the Authority in July 2003 and is responsible for overseeing all financial, administrative and strategic planning matters of the Authority. As the Authority's lead engineer, he also supervises all program management, engineering design and construction management firms hired by the Authority.

Mr. Doherty has been affiliated with the Authority in various capacities since 1995. Prior to Mr. Doherty's appointment as Chief Executive Officer, he served as the Authority's Director of Construction and Engineering from February 2003 to July 2003. Before that, he was an Associate Principal with DMJM+HARRIS, serving as Deputy Program Manager of Construction for the Alameda Corridor Engineering Team described below. Prior to his service with the Authority, Mr. Doherty performed various engineering and business development consulting roles for several major transportation programs, including the Los Angeles Metrolink Commuter Rail Project, the California High Speed Rail Study and the Honolulu Rapid Transit System. Before consulting, Mr. Doherty served for 24 years with the Long Island Railroad Company, the largest commuter rail operation in the nation. During his tenure with the Long Island Railroad, Mr. Doherty served in a variety of engineering, construction, operations and administrative positions, including Director of Capital Construction, Chief of Staff and Vice President of Operations. Mr. Doherty has a Master of Science degree in Civil Engineering from the Polytechnic Institute of New York and a Bachelor of Civil Engineering from Villanova University. He is registered as professional engineer in the states of California, Hawaii and New York.

James P. Preusch, Chief Financial Officer. Mr. Preusch was appointed Chief Financial Officer for the Authority in August 2004. As CFO, Mr. Preusch is responsible for planning, organizing, directing and coordinating financial and administrative management of the Authority. Under the direction of the Chief Executive Officer, he manages the Authority's controllership, treasury and administrative functions, overseeing a staff of six.

Before joining the Authority, Mr. Preusch was Principal Consultant, HNTB Management Consulting, and between 1989 and 1999, served as the Authority's Treasurer and as Chief Financial Officer of the Port of Los Angeles. He also served as Treasurer of the Port of Los Angeles and before that worked with PepsiCo, Rockwell International, Infra-Trans, LLC and AG Edwards. Mr. Preusch received his undergraduate degree from Clarkson University and was awarded a Master's degree in business administration from Lehigh University. He is a CPA.

Marla Bleavins, Treasurer. In January 2016, Ms. Bleavins was appointed as Treasurer of the Authority. In addition to serving as Treasurer of the Authority, Ms. Bleavins serves as the Deputy Executive Director and Chief Financial Officer of the Port of Los Angeles. In these roles, Ms. Bleavins manages POLA's financial affairs, which include accounting, financial management, debt and treasury, risk management, audit, human resources, and contracts and purchasing functions. She previously served as the Assistant General Manager for Finance and Administration at the City of Los Angeles Department of Convention and Tourism Development. Prior to that, she served as a Project Manager and Debt and Treasury manager at Los Angeles World Airports. Ms. Bleavins began her career at the City of Los Angeles as a Budget Analyst and then as a Finance Specialist in the Office of the City Administrative Officer. During her tenure with the City, she managed approximately \$6 billion in bond financings that funded capital projects at Los Angeles International Airport and throughout the City. Ms. Bleavins holds a Bachelor of Arts degree in public policy and political science from Stanford University and a Master's degree in business administration from the Wharton School at the University of Pennsylvania.

Staffing

The Authority has periodically adjusted staff count to meet its needs, as its focus moved from construction to operations, maintenance and financial management. Currently, the Authority has 9.6 full-time-equivalent employees and contracts with the Cities, the Railroads and the Alameda Corridor

Engineering Team (“ACET”) for additional services. ACET is a joint venture comprising DMJM Harris; Moffat & Nichol Engineers; Jenkins, Gales and Martinez, Inc.; and TELACU Construction Management, Inc. and provides day-to-day professional services related to management, engineering, construction support, procurement, coordination and administration of the Authority’s construction program. ACET provides approximately 7 full-time-support positions, including environmental engineering, contract administration, utility and right-of-way services and engineering support. The annual required scope of ACET services is approved by the Governing Board as part of the Authority’s annual budget process. ACET shares office space with the Authority and pays approximately half the rent. Originally a 10-year agreement, the Authority’s contract with ACET has been amended periodically, and an extension of its current term to June 30, 2016 was approved by the Governing Board on June 11, 2015. On March 10, 2016, the Governing Board approved extending the term to June 30, 2017. See “THE RAIL CORRIDOR AND RELATED PROJECTS—Maintenance and Operation of the Rail Corridor.”

THE AUTHORITY’S OUTSTANDING BONDS

The following table lists the aggregate principal amount of Senior Lien Bonds and First Subordinate Lien Bonds originally issued by the Authority and the aggregate principal amounts or accreted values of Bonds Outstanding under the Indenture (including all of the Outstanding Series 2004A Bonds) as of March 31, 2016. The Series 2016B Bonds will be the Authority’s initial issuance of Second Subordinate Lien Bonds.

TABLE 1
Alameda Corridor Transportation Authority
Outstanding Senior Lien and First Subordinate Lien Bonds
(as of March 31, 2016)

Series	Lien	Interest Convention	Tax Status	Final Maturity (October 1)	Original Principal Amount Issued⁽¹⁾	Principal/ Accreted Value Outstanding⁽²⁾
1999A	Senior	Capital Appreciation	Tax-Exempt	2037	\$ 50,453,617	\$122,916,291
1999C	Senior	Current Interest	Taxable	2037	430,155,000	405,735,000
1999C	Senior	Capital Appreciation	Taxable	2037	67,298,396	211,290,374
2004A	First Subordinate	Capital Appreciation	Tax-Exempt	2030	200,300,101	283,554,149 ⁽³⁾
2004A	First Subordinate	Current Interest ⁽⁴⁾	Tax-Exempt	2025	274,992,286	428,390,000 ⁽³⁾
2004B	First Subordinate	Capital Appreciation	Taxable	2033	210,731,702	274,986,128
2012 ⁽⁵⁾	Senior	Current Interest	Taxable	2035	83,710,000	83,710,000 ⁽⁵⁾
2013 ⁽⁶⁾	Senior	Current Interest	Tax-Exempt	2029	248,325,000	248,325,000
Totals					\$1,565,966,102	\$2,058,906,942

⁽¹⁾ Capital Appreciation Bonds listed at original principal amount, rounded to the nearest dollar.

⁽²⁾ Capital Appreciation Bonds listed at accreted value as of March 31, 2016, rounded to the nearest dollar.

⁽³⁾ A portion of the Series 2004A Bonds are expected to be refunded and/or defeased with proceeds of the Series 2016 Bonds.

⁽⁴⁾ This portion of the Series 2004A Bonds were initially issued as Capital Appreciation Bonds and converted to Current Interest Bonds on October 1, 2012.

⁽⁵⁾ The Series 2012 Senior Lien Bonds are refunding Bonds purchased by the U.S. Department of Transportation, acting through the Federal Railroad Administration. These Bonds refunded a portion of the Authority’s Series 1999A current interest Bonds.

⁽⁶⁾ The Series 2013 Senior Lien Bonds were issued to refund the Authority’s remaining Series 1999A Senior Lien Bonds that were current interest bonds.

Source: Alameda Corridor Transportation Authority.

Outstanding Series 1999 Bonds. The Authority issued its Tax-Exempt Senior Lien Revenue Bonds, Series 1999A (the “Series 1999A Senior Lien Bonds”), Taxable Senior Lien Revenue Bonds, Series 1999C (collectively with the Series 1999A Senior Lien Bonds, the “Series 1999 Senior Lien Bonds”) and Tax-Exempt Subordinate Lien Revenue Bonds, Series 1999B and Taxable Subordinate Lien Bonds, Series 1999D (collectively, the “Series 1999 First Subordinate Lien Bonds” and together with the Series 1999 Senior Lien Bonds, the “Series 1999 Bonds”) in February 1999 to pay, together with grants from the Metropolitan Transportation Authority and contributions from both Ports, a portion of the costs of constructing the Rail Corridor. The Authority also borrowed \$400 million from the U.S. Department of Transportation, Federal Highway Administration (the “1999 Federal Loan”), to pay additional Rail Corridor Costs. The Outstanding Series 1999 Bonds are insured by MBIA Insurance Corporation (now reinsured and administered by National Public Finance Guarantee Corporation, the “Series 1999 Bond Insurer”). Moneys deposited to each Debt Service Fund in connection with the outstanding Series 1999 Senior Lien Bonds are invested in the Forward Delivery Agreement described below. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Permitted Investments.”

Outstanding Series 2004 First Subordinate Lien Bonds. On May 6, 2004, the Authority issued its Series 2004A Bonds and its Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B (collectively, the “Series 2004 Bonds”) to prepay the entire outstanding balance (including accrued interest of \$172.8 million) of the 1999 Federal Loan. The Series 2004 Bonds are insured by AMBAC Assurance Corporation (the “Series 2004 Bond Insurer”). Subject to market conditions, the Refunded Series 2004A Bonds are to be refunded and/or defeased to maturity with proceeds received from the issuance of the Series 2016 Bonds. After giving effect to the issuance of the Series 2016 Bonds, and the refunding and defeasance of the Refunded Series 2004A Bonds, the First Subordinate Lien Bonds will be outstanding in the aggregate principal amount or accreted value of \$_____.* The Authority made a number of covenants to the Series 2004 Bond Insurer pursuant to the Sixth Supplemental Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Outstanding Series 2012 Senior Lien Bonds. In June 2012, the Authority issued \$83,710,000 aggregate principal amount of its Taxable Senior Lien Revenue Refunding Bonds, Series 2012 (the “Series 2012 Senior Lien Bonds”) to refund all of the Series 1999A Bonds that were current interest bonds stated to mature on October 1, 2014 through 2018 and a portion of the Series 1999A Bonds that were current interest bonds stated to mature on October 1, 2019. The interest rates on the Series 2012 Senior Lien Bonds are lower and the maturity dates are later than those of the Series 1999A Bonds refunded. The Series 2012 Senior Lien Bonds were purchased by the U.S. Department of Transportation, acting through the Federal Railroad Administration (the “FRA”), pursuant to a Financing Agreement between the FRA and the Authority (the “2012 Financing Agreement”) and pursuant to the Eighth Supplemental Indenture. As the registered owner of the Series 2012 Senior Lien Bonds, the FRA is referred to in this Official Statement as the “Series 2012 Lender.” The Authority made a number of covenants to the Series 2012 Lender pursuant to the 2012 Financing Agreement and the Eighth Supplemental Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Outstanding Series 2013A Senior Lien Bonds. In February 2013, the Authority issued \$248,325,000 aggregate principal amount of its Senior Lien Revenue Refunding Bonds, Series 2013A (the “Series 2013A Bonds”), all of which are current interest bonds, to refund all of the Authority’s remaining Series 1999A Bonds that were current interest bonds. A portion of the Series 2013A Bonds are insured by Assured Guaranty Municipal Corp. (the “Series 2013A Bond Insurer”). The Authority made a number of covenants to the Series 2013A Bond Insurer pursuant to the Ninth Supplemental Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

* Preliminary, subject to change.

THE AUTHORITY'S RESTRUCTURING PROGRAM

The Authority has developed a plan to restructure a portion of its outstanding debt by, among other things, refinancing a portion of its Outstanding Bonds, (i) to better align debt service on the Authority's Bonds with estimated future Revenues and (ii) to potentially reduce the frequency and amount of future Shortfall Advances. The issuance of the Series 2016 Bonds and the refunding and/or defeasance of the Refunded Series 2004A Bonds are part of this program. The issuance of the Series 2016 Bonds and the refunding and/or defeasance of the Refunded Series 2004A Bonds are subject to market conditions. If in the opinion of Authority management, the Authority's financial objectives may not be achieved, some or all of the Series 2016 Bonds may not be offered or sold. See "—The Restructuring Program."

The Series 2016 Bonds*

The Series 2016 Bonds are being issued by the Authority, subject to market conditions, (i) to refund all or a portion of the 2004A Bonds that are Current Interest Bonds as shown in Table 2A below (the "Refunded Series 2004A Current Interest Bonds") and/or to defease to maturity portions of the Series 2004A Bonds that are Capital Appreciation Bonds shown in Table 2B below (the "Refunded Series 2004A Capital Appreciation Bonds"), (ii) to purchase Debt Service Reserve Surety Policies to satisfy the Debt Service Reserve Requirements for the Series 2016 Bonds[, (iii) to purchase the Series 2016 Bond Insurance Policy for the Insured Series 2016 Bonds] and (iv) to pay costs of issuing the Series 2016 Bonds.

[If market conditions warrant, the Authority could determine to refund all or a different portion of the Series 2004A Bonds or other of the Authority's Outstanding Bonds.]

TABLE 2A

Refunded Series 2004A Current Interest Bonds*

Maturity Date (October 1)	Interest Rate	Accreted Value at Conversion⁽¹⁾	2004A Redemption Date (October 1)	Redemption Price	CUSIP Number (010869)[±]
2021	5.25%	\$ 74,660,000	2017	100%	EL5
2022	5.30	81,685,000	2017	100	EM3
2023	5.30	86,015,000	2017	100	EN1
2024	5.40	90,570,000	2017	100	EP6
2025	5.45	95,460,000	2017	100	EQ4
Total		\$428,390,000			

⁽¹⁾ Initially issued as capital appreciation bonds and converted to Current Interest Bonds on October 1, 2012.

On the date of delivery of the Series 2016 Bonds, portions of the proceeds of the Series 2016 Bonds are to be irrevocably deposited by the Trustee, in its capacity as trustee and escrow agent ("Escrow Agent") for the Series 2004A Bonds and held in the 2004A Current Interest Redemption Fund established pursuant to an escrow deposit agreement (the "Escrow Agreement"), and applied to pay interest on the Refunded Series 2004A Current Interest Bonds when due through April 1, 2017 and to redeem on October 1, 2017 (the "2004A Current Interest Redemption Date") the Refunded Series 2004A Current Interest Bonds, at a redemption price equal to 100% of the principal amount thereof (the "2004A Current Interest Redemption Price"), plus interest accrued to the 2004A Current Interest Redemption Date. The Indenture provides that upon such deposit, the Refunded Series 2004A Current Interest Bonds no longer will be outstanding under

* Preliminary, subject to change.

[±] CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Ports, the Railroads or the Underwriters takes responsibility for the accuracy of such numbers.

the Indenture. Prior to the 2004A Current Interest Redemption Date, moneys on deposit in the 2004A Current Interest Redemption Fund are to be invested in noncallable Government Obligations.

TABLE 2B

Refunded Series 2004A Capital Appreciation Bonds*

Number of Bonds	Maturity Date (October 1)	Initial Amount	Yield to Maturity	Accreted Value per \$5,000 as of April 1, 2016	Final Compounded Amount	Defeased Final Compounded Amount	CUSIP Number (010869) ‡
6,722	2016	\$18,482,475.10	4.88%	\$4,880.90	\$33,610,000	\$33,610,000	DP7
8,088	2017	20,916,376.80	4.98	4,644.35	40,440,000	40,440,000	DQ5
9,651	2018	23,428,767.60	5.08	4,410.65	48,255,000	48,255,000	DR3
11,354	2019	25,823,537.60	5.18	4,180.55	56,770,000	56,770,000	DS1
13,156	2020	28,024,253.40	5.27	3,956.45	65,780,000	65,780,000	DT9
	Total	\$116,675,410.50			\$244,855,000	\$244,855,000	

Portions of the proceeds of the Series 2016 Bonds are to be irrevocably deposited on the date of delivery of the Series 2016 Bonds by the Trustee, in its capacity as trustee and Escrow Agent for the Series 2004A Bonds and held in the 2004A Capital Appreciation Defeasance Fund established pursuant to the Escrow Agreement, and applied to pay the Final Compounded Amount of the Refunded Series 2004A Capital Appreciation Bonds when due through their respective maturity dates. The Indenture provides that upon such deposit, the Refunded Series 2004A Capital Appreciation Bonds no longer will be outstanding under the Indenture. Moneys on deposit in the 2004A Capital Appreciation Defeasance Fund are to be invested in noncallable Government Obligations.

See the definition of “Government Obligations” and “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—Defeasance” in Appendix E.

Verification Report

As required by the Indenture, an independent verification report (the “Verification Report”) will be obtained from Causey Demgen & Moore P.C., a firm of independent public accountants (the “Verification Agent”), indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the Escrow Fund Deposits to be held by the Trustee to (i) pay interest on the Current Interest Refunded Bonds when due, (ii) pay the 2004A Current Interest Redemption Price, plus accrued interest to the 2004A Current Interest Redemption Date on the 2004A Current Interest Redemption Date, and (iii) pay the Final Compounded Amount on the Series 2004A Capital Appreciation Defeased Bonds when due on their respective maturity dates. The verification performed by the Verification Agent will be based solely upon data, information and documents provided to the Verification Agent on behalf of the Authority. The Verification Agent will restrict its procedures to recalculating the computations provided to it and has not evaluated or examined the assumptions or information used in the computations.

* Preliminary, subject to change.

‡ CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Ports, the Railroads or the Underwriters takes responsibility for the accuracy of such numbers.

Sources and Uses of Funds

The proceeds of the Series 2016 Bonds, together with other available funds, are expected to be applied as follows:

TABLE 3
Sources and Uses of Funds

Sources of Funds:	Series 2016A	Series 2016B
Principal amount of Series 2016 Bonds		
Net original issue premium/discount		
Total Sources		
Uses of Funds:		
Escrow Fund Deposit		
Costs of Issuance ⁽¹⁾		
Total Uses		

⁽¹⁾ Costs of Issuance include, but are not limited to, Trustee, Escrow Agent, Verification Agent and legal fees and expenses; Underwriters' discount; rating agency fees; printing costs; and the premiums for the 2016 Debt Service Reserve Surety Policies [and the Series 2016 Bond Insurance Policies].

The Restructuring Program

Refinancing the 1999 Federal Loan in May 2004 was among the first steps the Authority took to reduce debt service costs. In 2011, the Authority applied approximately \$24.295 million of unexpended Series 1999A Bond Construction Fund proceeds to retire a portion of the outstanding Series 1999A Bonds, and in June 2012, the Authority issued the Series 2012 Senior Lien Bonds to refund \$83.71 million of the outstanding Series 1999A Senior Lien Bonds. In February 2013, the Authority issued the Series 2013A Bonds to refund \$288.95 million of outstanding Series 1999 Senior Lien Bonds.

The issuance of the Series 2016 Bonds is another part of the Authority's plan (i) to better align debt service on the Authority's Bonds with estimated future Revenues and (ii) to potentially reduce the frequency and amount of future Shortfall Advances. Together, the Ports made a total of \$5.9 million of Shortfall Advances in October 2011 and a total of \$5.9 million of Shortfall Advances in October 2012. Although this restructuring is designed to reduce the frequency and amount of potential future Shortfall Advances, as a result of this restructuring debt service will be greater in some years than it is currently, and a portion of the Series 2016 Bonds will mature later than the Refunded Series 2004A Bonds.

As shown in Table 1 above and in Table 4 below, a substantial amount of the Authority's Bonds that will remain outstanding after the issuance of the Series 2016 Bonds are capital appreciation Bonds, and the amount of debt service that will become due on such Bonds will grow as the accreted value of the capital appreciation Bonds grows. The Authority intends to continue monitoring its outstanding Bonds for additional opportunities to better align debt service on the Authority's Bonds with estimated future Revenues and to potentially reduce the frequency and amount of future Shortfall Advances, if necessary, through future refundings of Bonds and/or through open market purchases of its Bonds and intends to continue its other efforts to minimize costs.

Debt Service Schedule. Table 4 is a debt service schedule for the Outstanding Bonds, excluding the Refunded Series 2004A Bonds that are expected to be refunded or defeased and including the proposed Series 2016 Bonds.

**TABLE 4
DEBT SERVICE SCHEDULE***

Fiscal Year Ending June 30	Outstanding Senior Lien Bonds*	Outstanding First Subordinate Lien Bonds ⁽¹⁾	Series 2016A Bonds		Series 2016B Bonds		Total Outstanding Debt Service
			Principal	Interest	Principal	Interest	
2017	\$62,933,625	\$11,231,800		\$390,104.17		27,866,277.50	\$86,795,857
2018	63,370,234	3,605,816		437,500.00		31,251,900.00	\$98,665,449
2019	63,804,309	7,043,994		437,500.00		31,251,900.00	\$102,537,703
2020	75,079,554	-		437,500.00		31,251,900.00	\$106,768,954
2021	82,271,825	-		437,500.00		31,251,900.00	\$113,961,225
2022	83,109,646	24,750	\$990,000	412,750.00		31,251,900.00	\$115,789,046
2023	83,947,146	148,625	5,945,000	239,375.00		31,251,900.00	\$121,532,046
2024	94,081,462	-		90,750.00		31,251,900.00	\$125,424,112
2025	94,024,539	22,500	900,000	68,250.00		31,251,900.00	\$126,267,189
2026	93,968,183	22,875	915,000	22,875.00		31,251,900.00	\$126,180,833
2027	93,959,553	100,675,000				31,251,900.00	\$225,886,453
2028	93,893,789	100,675,000				31,251,900.00	\$225,820,689
2029	93,803,952	100,670,000				31,251,900.00	\$225,725,852
2030	93,719,890	100,675,000				31,251,900.00	\$225,646,790
2031	101,533,490	100,665,000				31,251,900.00	\$233,450,390
2032	101,589,172	100,670,000				31,251,900.00	\$233,511,072
2033	101,632,795	100,670,000				31,251,900.00	\$233,554,695
2034	101,672,527	100,675,000				31,251,900.00	\$233,599,427
2035	101,712,671	-			\$153,225,000	27,421,275.00	\$286,189,571
2036	99,966,480	-			160,890,000	19,970,625.00	\$284,447,130
2037	100,845,000	-			168,130,000	12,567,675.00	\$285,325,600
2038	101,855,000	-			175,695,000	4,392,375.00	\$286,334,750
2039	-	-					-
2040	-	-					-
2041	-	-					-
2042	-	-					-
Total ⁽²⁾	\$1,982,774,842	\$827,475,360	\$8,750,000	\$2,974,104.17	\$657,940,000	\$623,500,527.50	\$4,103,414,833

* Preliminary, subject to change.

⁽¹⁾ Excludes debt service on the Refunded Series 2004A Bonds.

⁽²⁾ Totals may not add up due to rounding.

Source: The Authority.

DESCRIPTION OF THE SERIES 2016 BONDS

General

When issued, the Series 2016 Bonds of each Series will be dated the date of their delivery and will bear interest at the rates and will mature, subject to prior redemption, in the principal amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2016 Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2016, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2016 Bonds will be issuable in fully registered form in denominations of \$5,000 and integral multiples thereof. When issued, the Series 2016 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2016 Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interest in the Series 2016 Bonds purchased. Except as [provided in the Tenth Supplemental Indenture in connection with the rights of the Series 2016A Bond Insurer and the Eleventh Supplemental Indenture in connection with the Series 2016B Bonds Bond Insurer and except as] described below under “TAX MATTERS,” so long as Cede & Co. is the registered owner of the Series 2016 Bonds of a Series, as nominee of DTC, references herein to “Series 2016 Bondholders” or to “registered owners” mean Cede & Co. and not the Beneficial Owners of the Series 2016 Bonds of such Series. In this Official Statement, the term “Beneficial Owner” means the person for whom a DTC Participant acquires an interest in the Series 2016 Bonds.

So long as Cede & Co. (or such other nominee name as an authorized officer of DTC may request) is the registered owner of the Series 2016 Bonds, the principal of, premium, if any, and interest on the Series 2016 Bonds are payable by the Trustee, as paying agent, to Cede & Co., as nominee for DTC which, in turn, is to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See “DTC AND ITS BOOK-ENTRY SYSTEM” in Appendix F.

Redemption*

Optional Redemption. The Series 2016A Bonds maturing on or after October 1, 20__ are redeemable at the option of the Authority on or after October 1, 20__ in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of Series 2016A Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

The Series 2016B Bonds maturing on or after October 1, 20__ are redeemable at the option of the Authority on or after October 1, 20__ in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of Series 2016B Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

Extraordinary Redemption. The Master Indenture provides that the Bonds of each series, including the Series 2016 Bonds of each Series, are subject to redemption prior to their stated maturity on any Interest Payment Date in whole or in part from Bond proceeds or Net Proceeds, upon receipt by the Trustee of a Certificate of an Independent Consultant stating that, by virtue of damage or destruction to the Project (as defined in the Indenture and including, among other things, the Rail Corridor and the related improvements), it is not financially feasible to construct, rebuild or replace all or any portion of the Project so as to permit the Project to operate in a financially feasible manner following such destruction or damage, at a redemption price equal to 100% of the principal amount (or accreted value in the case of Bonds that are capital appreciation bonds) of each Series of Bonds to be redeemed, plus accrued interest thereon, on and to the date fixed for redemption and without premium. The Indenture provides that Bonds redeemed pursuant

* Preliminary, subject to change.

to this provision are to be redeemed in the following order of priority: (i) Senior Lien Bonds, (ii) First Subordinate Lien Bonds (including the Series 2016A Bonds) and (iii) Second Subordinate Lien Bonds (including the Series 2016B Bonds).

If less than all Outstanding Bonds of a particular level of priority are to be redeemed at any one time pursuant to this provision of the Master Indenture, the Trustee is to select Bonds from each Series of that priority level on a proportionate basis and to select Bonds within each such Series to be redeemed from each maturity on a proportionate basis; provided that within each maturity such Bonds are to be selected by lot.

Notice of Redemption; Conditional Notice of Optional Redemption; Selection of Series 2016 Bonds for Redemption; Effect of Redemption and Cessation of Interest. The Indenture provides that Series 2016 Bonds subject to optional redemption by the Authority will be redeemed in such order of maturity as the Authority may direct and by lot, selected in such manner as the Trustee deems appropriate, within a Series and maturity, provided that any Series 2016 Bonds are redeemed only in Authorized Denominations.

The Indenture provides that official notice of redemption (which may be conditional) will be given by the Trustee on behalf of the Authority by mailing a copy of an official redemption notice by first-class mail at least 30 days (or, so long as the Series 2016 Bonds are held in the book-entry system with DTC, at least 20 days) and not more than 60 days prior to the date fixed for redemption, to each owner of a Series 2016 Bond to be redeemed at such owner's registered address (DTC, so long as the Series 2016 Bonds are held in the book-entry system with DTC). Any notice sent as provided in the Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. Failure to give any required notice of redemption as to any particular Series 2016 Bonds will not affect the validity of the call for redemption of any other Series 2016 Bonds with respect to which such failure did not occur. Official notice of redemption having been given, the Series 2016 Bonds or portions of Series 2016 Bonds to be redeemed will, on the date fixed for redemption (provided in the case of optional or extraordinary optional redemption sufficient funds are on deposit with the Trustee or paying agent), become due and payable at the redemption price therein specified. From and after the date fixed for redemption (provided sufficient funds are on deposit with the Trustee or paying agent) interest on such Series 2016 Bonds or portions of Series 2016 Bonds will cease to accrue.

Preferential Optional Redemption Priorities. As described below, the Authority agreed with the Series 2004 Bond Insurer and with the Series 2012 Lender that to the extent permitted under the Indenture, the Authority would prepay, redeem, defease, retire or purchase First Subordinate Lien Bonds and then Series 2012 Senior Lien Bonds with Revenues available pursuant to paragraph Seventeenth under the Master Indenture (at the bottom of the flow of funds) before optionally redeeming other Bonds (including the Series 2016 Bonds) with such Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—SEVENTEENTH."

Authority Purchases. The Authority reserves the right to use available funds to purchase any of the Series 2016 Bonds that are offered to the Authority at any price deemed appropriate by the Authority. Any purchase of Series 2016 Bonds may be made with or without tender of Series 2016 Bonds and at either public or private sale.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Series 2016 Bonds are special, limited obligations of the Authority and are payable solely from, and are secured solely by a lien on, the Trust Estate. The Series 2016A Bonds are First Subordinate Lien Bonds, payable and secured on a parity with the Authority's other First Subordinate Lien Bonds and after the

Senior Lien Bonds. The Series 2016B Bonds are the Authority's initial Second Subordinate Lien Bonds and are payable and secured on a parity with any Second Subordinate Lien Bonds that may be issued in the future and after the Senior Lien Bonds and First Subordinate Lien Bonds.

Pursuant to the Indenture, the Authority has assigned, and transferred to the Trustee, without recourse, and pledged and assigned to the Trustee and granted to the Trustee liens on and security interests in, the Trust Estate and all of its rights in the Trust Estate and any other rights or remedies granted to the Authority, including rights and remedies against the Ports and the Railroads, provided that the Trustee's exercise of any rights and remedies under the Use and Operating Agreement shall not impair either Railroad's rights to use the Rail Corridor, so long as such Railroad continues to pay Use Fees, Container Charges, M & O Charges and other amounts owed by such Railroad under the Use and Operating Agreement.

As defined in the Indenture, the "Trust Estate" consists of all moneys, assets and rights to which the Authority is entitled, including (a) the Revenues, subject to application as provided in the Indenture, (b) moneys and securities held from time to time by the Trustee or any Paying Agent in certain of the funds and accounts created under the Indenture, (c) earnings on amounts described above, subject to certain limitations, (d) the Authority's rights to payment or otherwise under the Operating Agreement, the Use Permit, the Design-Build Contract and other contracts, agreements, payment or performance bonds and insurance policies relating to the Project or to the construction, use or operation thereof, (e) any liquidated or actual damages or insurance proceeds received by the Authority from any source pursuant to the agreements referred to in clause (d) or otherwise arising from the Project, (f) Net Proceeds, (g) the proceeds of any business interruption insurance or other insurance relating to the Project or to the construction, use or operation thereof, and (h) any and all other funds, assets, rights, properties or interests therein, which may from time to time after the date of the Master Indenture be pledged or assigned to the Trustee as additional security under the Indenture. See "AUTHORITY REVENUES—General" below and "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Granting Clause; Pledge of Revenues" in Appendix E.

The Indenture provides that such liens and security interests are a first and senior priority for the benefit of the owners of the Senior Lien Bonds, a second priority for the benefit of the owners of the First Subordinate Lien Bonds and a third priority for the benefit of the owners of the Second Subordinate Lien Bonds; but funds deposited in the M & O Fund and in the Reserve Account described below under "Eleventh" and in the Rebate Fund and in the Indemnification Fund are not pledged to and do not secure payment of the Bonds. The Indenture also provides that additional security, including any Credit Facility or Debt Service Reserve Surety Policy, provided for specific Bonds or a specific Series of Bonds may, as provided by Supplemental Indenture, secure only such specific Bonds or Series of Bonds and, therefore, will not be included as security for all Bonds under the Indenture. The Indenture further provides that moneys and securities held in trust exclusively for Bonds that have become due and payable and moneys and securities that are held exclusively to pay Bonds that are deemed to have been paid under the Indenture shall be held solely for the payment of such specific Bonds.

The Bonds, including the Series 2016 Bonds, are not obligations of the State of California or any political subdivision of the State of California and are not obligations of any of the Cities, the Ports or the Railroads. The Project, including the Rail Corridor, is not security for the Bonds, and the Bonds are not secured by a lien on any properties or improvements of the Authority, the Cities, the Ports or the Railroads or by a pledge of any revenues of the Cities, the Ports or the Railroads. The Railroads and the Ports are obligated only to make certain payments required by the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds. The Operating Agreement does not provide the Authority the right to unilaterally increase Use Fees and Container Charges to address Revenue shortfalls, including to pay debt service on its Bonds. See "AUTHORITY REVENUES—Shortfall Advances," "BONDHOLDERS' RISKS—Bonds are

Limited Obligations of the Authority; Limited Sources of Funds,” “—Shortfall Advances are Limited, Subordinate Obligations of the Ports” below, “THE PORT OF LOS ANGELES” in Appendix B and “THE PORT OF LONG BEACH” in Appendix C.

Flow of Funds

The Operating Agreement generally describes how Revenues are to be collected and disbursed during each year and includes a specific order of priority for allocation and disbursement of Revenues. See “AUTHORITY REVENUES.” As permitted by the Operating Agreement, the Authority modified the order of priority set forth in the Operating Agreement, and described below is the modified order of priority as set forth in the Master Indenture, as amended by the Sixth Supplemental Indenture and the Eighth Supplemental Indenture.

The Indenture provides that Revenues received by the Trustee are to be deposited in the Revenue Fund created under the Indenture and that upon such receipt, such Revenues immediately become subject to the lien and pledge of the Indenture. Moneys in the Revenue Fund are to be set aside and transferred by the Trustee for the uses and in the order required by the Indenture (the “Flow of Funds”) as summarized below. The Series 2016A Bonds are “First Subordinate Lien Bonds” within the Flow of Funds, and the Series 2016B Bonds are “Second Subordinate Lien Bonds” within the Flow of Funds. Under the Master Indenture, “Interest Payment Dates” are April 1 and October 1 for Current Interest Bonds, and “Principal Payment Date” is (a) for Current Interest Bonds, October 1 and (b) for Capital Appreciation Bonds, October 1 of any year in which the Final Compounded Amount of any Capital Appreciation Bond is due. See “AUTHORITY REVENUES—General” and “—Debt Service Schedule” below and “INDENTURE—Definitions” in Appendix E.

- FIRST:** Five Business Days prior to the last Business Day of each month, the Trustee is required to set aside and to transfer to the Debt Service Funds for the Senior Lien Bonds from funds deposited in the Revenue Fund amounts equal to the Debt Service Payment Requirement for the Senior Lien Bonds. The “Debt Service Payment Requirement” is a monthly deposit requirement. See “INDENTURE—Definitions” in Appendix E.
- SECOND:** Five Business Days prior to the last Business Day of each month, and subject to the transfer described in the paragraph under FIRST above, the Trustee is required to deposit in any Debt Service Reserve Account under a Supplemental Indenture for a Series of Senior Lien Bonds, if there is any deficiency therein, the Debt Service Reserve Fund Replenishment Payment for such Senior Lien Bonds, including, in the case of a Debt Service Reserve Surety Policy, the amount, if any, required to reimburse the Debt Service Reserve Surety Policy provider and in the case of the Series 2012 Debt Service Reserve Surety Agreement (the “Series 2012 Surety”), the amount required to be deposited into the 2012 Debt Service Reserve Account to reduce the amount of the Series 2012 Surety (the “2012 Annual Cash Deposits”). See “—Debt Service Reserve Fund.”
- THIRD:** Five Business Days prior to the last Business Day prior to each October 1, and subject to the transfers required under paragraphs FIRST and SECOND above, and pursuant to Requisitions, the Trustee is to pay the Financing Fees described below for the Senior Lien Bonds for the ensuing Bond Year to the extent the same were not paid out of Costs of Issuance.
- FOURTH:** Prior to the issuance of the Series 2004 Subordinate Lien Bonds and the prepayment of the 1999 Federal Loan, semiannual deposits to the Federal Loan

Fund were to be deposited to provide for the payment of the amount coming due on the 1999 Federal Loan. The 1999 Federal Loan was prepaid with proceeds of the Series 2004 Subordinate Lien Bonds.

- FIFTH: Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any First Subordinate Lien Bonds are Outstanding, and subject to the transfers described in paragraphs FIRST through FOURTH above, the Trustee is required to set aside and to transfer to the Debt Service Funds for the First Subordinate Lien Bonds amounts equal to the Final Compounded Amount, or to the principal and/or interest to be due and payable on the First Subordinate Lien Bonds on such Interest Payment Date and Principal Payment Date.
- SIXTH: Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any First Subordinate Lien Bonds are Outstanding, and subject to the transfers described in paragraphs FIRST through FIFTH above, the Trustee is required to (i) pay any Debt Service Reserve Surety Repayment Obligation for any First Subordinate Lien Bonds, and after full repayment of all such Debt Service Reserve Surety Repayment Obligations for the First Subordinate Lien Bonds, (ii) deposit in any Debt Service Reserve Account established under a Supplemental Indenture for the First Subordinate Lien Bonds, if there is any deficiency therein, the amount necessary for the funds in such Debt Service Reserve Accounts to be equal to the Debt Service Reserve Requirement for the First Subordinate Lien Bonds.
- SEVENTH: Five Business Days prior to the last Business Day prior to each October 1 and subject to the transfers required under paragraphs entitled FIRST through SIXTH above, and pursuant to Requisitions, the Trustee is required to pay the Financing Fees for the First Subordinate Lien Bonds for the ensuing Bond Year to the extent the same were not paid out of Costs of Issuance.
- EIGHTH: Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any Second Subordinate Lien Bonds are Outstanding and subject to the transfers described in paragraphs FIRST through SEVENTH above, the Trustee is required to set aside and transfer to the Debt Service Funds for the Second Subordinate Lien Bonds amounts equal to the Final Compounded Amount, or to the principal and/or interest to be due and payable on the Second Subordinate Lien Bonds on such Interest Payment Date or Principal Payment Date.
- NINTH: Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any Second Subordinate Lien Bonds are Outstanding and subject to the transfers described in paragraphs FIRST through EIGHTH above, the Trustee is required to (i) pay any Debt Service Reserve Surety Repayment Obligation for any Second Subordinate Lien Bonds, and after full repayment of all such Debt Service Reserve Surety Repayment Obligations, (ii) deposit in any Debt Service Reserve Account established for any Second Subordinate Lien Bonds, if there is any deficiency therein, any amount necessary for the funds in such Debt Service Reserve Accounts to be equal to the Debt Service Reserve Requirement for the Second Subordinate Lien Bonds.
- TENTH: Five Business Days prior to the last Business Day prior to each October 1 and subject to the transfers described under paragraphs FIRST through NINTH above, and pursuant to Requisitions, the Trustee is required to pay the Financing Fees for

the Second Subordinate Lien Bonds for the ensuing Bond Year to the extent the same were not paid from Costs of Issuance.

ELEVENTH: Five Business Days prior to the last Business Day prior to each Principal Payment Date following Substantial Completion and subject to the transfers described under paragraphs FIRST through TENTH above, and pursuant to written instructions from an Authorized Authority Representative, on October 1 of each year, the Trustee is required to transfer an amount up to the Reserve Account Target to the Reserve Account pursuant to the Indenture.

TWELFTH: Five Business Days prior to the last Business Day prior to each October 1 and subject to the transfers described under paragraphs FIRST through ELEVENTH above and pursuant to Requisitions, the Trustee is to pay the Administrative Costs of the Authority in advance for the ensuing Bond Year to the extent the same were not paid from Costs of Issuance.

THIRTEENTH: Upon completion of the Annual Accounting and subject to meeting the requirements with respect thereto, and further subject to the transfers described under paragraphs FIRST through TWELFTH above and pursuant to written instructions from an Authorized Authority Representative and written approval by the Port Representatives for both Ports, the Trustee is required to pay amounts required to reimburse to the Ports the Benefit Amount (as defined in the Operating Agreement) in accordance with the Operating Agreement.

FOURTEENTH: Upon completion of the Annual Accounting and subject to meeting the requirements with respect thereto, and also subject to the transfers described under paragraphs FIRST through THIRTEENTH above, and pursuant to written instructions from an Authorized Authority Representative and written approval by the Port Representatives for both Ports, the Trustee is required to make any payments required to reimburse the Ports for their Port Advances in the following order of priority, with each item to be fully reimbursed before any subsequent items are reimbursed through such payment: (i) Net Project Costs (as defined in the Operating Agreement) advanced by POLA or POLB (either directly or through the Authority) prior to Substantial Completion that have not already been reimbursed to POLA or POLB from the proceeds of the financings or grants received by the Authority; (ii) Shortfall Advances, including Subsequent Shortfall Advances (mentioned below), made by either POLA or POLB pursuant to the Operating Agreement, plus interest thereon at the interest rate borne by six-month U.S. Treasury notes; (iii) amounts, if any, voluntarily advanced by POLA or POLB (either directly or through the Authority) in excess of the Shortfall Advances to pay all or a portion of the Annual Amount or any other obligation or liability of the Authority with respect to the Project; (iv) amounts, if any, voluntarily advanced by POLA or POLB after Substantial Completion, in excess of Shortfall Advances to cover the costs of the Authority specified in the Operating Agreement that have not already been reimbursed to POLA or POLB from the proceeds of the financings or grants received by the Authority; and (v) any amounts advanced by either POLA or POLB pursuant to the Operating Agreement. See "AUTHORITY REVENUES— Shortfall Advances."

FIFTEENTH: Upon completion of the Annual Accounting and subject to meeting the requirements with respect thereto, and further subject to the transfers described under paragraphs FIRST through FOURTEENTH above, and pursuant to written

instructions from an Authorized Authority Representative and written approval by the Port Representatives for both Ports, the Trustee is required to pay amounts required to reimburse to the Ports the Property Assembly Reimbursement (as defined in the Operating Agreement) in accordance with the provisions in the Operating Agreement.

SIXTEENTH: Upon completion of the Annual Accounting and subject to meeting the requirements with respect thereto, and further, subject to the transfers described under paragraphs FIRST through FIFTEENTH above, and pursuant to written instructions from an Authorized Authority Representative and the Railroads, the Trustee is required to deposit to the Reserve Account any amounts required under the Operating Agreement to reimburse the Railroads any amounts the Railroads previously paid for the costs of any Additional Capital Improvements (as defined in the Operating Agreement).

SEVENTEENTH: As soon as is practicable after and the end of each Bond Year following Substantial Completion and subject to the transfers described under paragraphs FIRST through SIXTEENTH above, and pursuant to written instructions from an Authorized Authority Representative, the Trustee is to apply Revenues in the following order of priority: (i) first, to prepay, redeem, defease, retire or purchase any Outstanding Bonds; provided the Authority is required at all times to maintain Outstanding Bonds in the principal amount of at least \$5,000 until such time as any amounts payable as described under clause (ii) of paragraph SEVENTEENTH are paid in full, and (ii) second, to pay any recovery of monies obtained by the Series 2012 Lender pursuant to the exercise of remedies under the 2012 Financing Agreement following a non-payment event of default under the 2012 Financing Agreement described above. In addition, the Authority covenanted with the Series 2004 Bond Insurer that, unless the Series 2004 Bond Insurer is in default, prepayments from Revenues available as described in this paragraph will be of First Subordinate Bonds before any other Bonds are prepaid, to the extent it is permitted to do so under the Indenture, and the Authority covenanted in the Eighth Supplemental Indenture that the Authority will prepay Series 2012 Senior Lien Bonds after the Subordinate Lien Bonds and before other Outstanding Bonds are prepaid from such Revenues, to the extent it is permitted to do so under the Indenture.

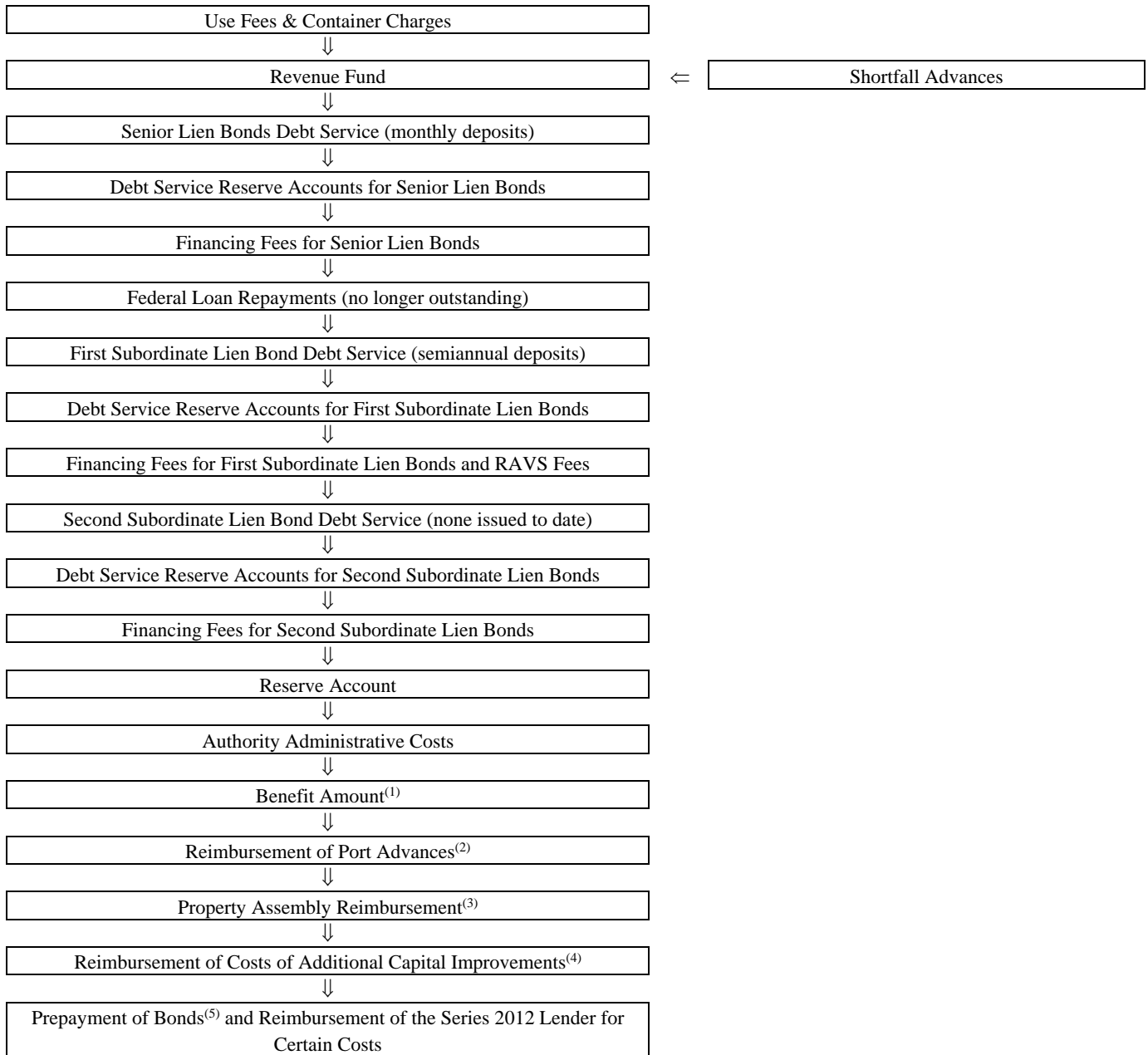
As defined in the Indenture, "Financing Fees" means (a) for the purposes described above under THIRD and TENTH (i) fees and charges of third party trustees, administrators, rating agencies, actuaries, insurance consultants, auditors, consultants, independent engineers, financial advisors, underwriters, attorneys or custodians incurred by the Ports or the Authority in connection with the Senior Lien Bonds and any Second Subordinate Lien Bonds, respectively, but not any Revenue Verification and Monitoring Fees described below and not any Series 2004 Bond Insurer Fees or other Financing Fees payable as described under SEVENTH, (ii) fees and costs incurred to obtain and renew letters of credit, bond insurance and other forms of credit enhancements facilities for such Bonds (including any amounts owed to Credit Providers pursuant to any reimbursement agreement or similar agreement entered into in connection with any Credit Facility) except as payable under SEVENTH, and (iii) any amounts necessary to make any rebate payments to the United States or otherwise comply with the provisions of the Code; and (b) for purposes described above under SEVENTH (i) fees and charges of third party trustees, administrators, rating agencies, actuaries, insurance consultants, auditors, consultants, independent engineers, financial advisors, underwriters, attorneys or custodians incurred by the Ports or the Authority in connection with the First Subordinate Lien Bonds, (ii) fees and costs incurred to obtain and renew letters of credit, bond insurance and other forms of credit enhancement facilities for the Bonds (including any amounts owed to Credit Providers pursuant to any

reimbursement agreement or similar agreement entered into in connection with any Credit Facility) and in the case of the Series 2004 Subordinate Lien Bonds, the additional 25-basis point annual premium that would become payable to the Series 2004 Bond Insurer if the underlying ratings on the Series 2004 Subordinate Lien Bonds is lower than BBB- in the case of S&P or lower than Baa3 in the case of Moody's, (iii) any amounts necessary to make any rebate payments to the United States or otherwise to comply with the provisions of the Code and (iv) fees and charges incurred by the Authority or a third party to monitor railcars and containers for purposes of verifying, reconciling and collecting Use Fees and Container Charges as provided in the Use and Operating Agreement (the "Revenue Verification and Monitoring Fees"). See "AUTHORITY REVENUES—Collection of Use Fees and Container Charges; Revenue Verification System."

The following table illustrates the Flow of Funds provided under the Indenture. The table is not intended to be definitive and is qualified in its entirety by reference to the provisions of the Indenture.

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Summary Flow of Funds Under the Indenture



⁽¹⁾ The Benefit Amount is defined in the Operating Agreement as an amount equal to 40% of the difference between the present value of the amount that will be paid using tax-exempt financing for a portion of the Project and the amount that would have been paid if taxable financing had been used for such portion of the financing of the Project. The Benefit Amount is allocated by POLA and POLB between themselves. As of January 1, 2016, the accrued liability for the Benefit Amount was \$100,225,762.06. See APPENDIX E—“SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT.”

⁽²⁾ Port Advances include Shortfall Advances and certain other amounts advanced to the Authority by the Ports. As of January 1, 2016, the only outstanding Port Advances to be reimbursed to the Ports are the Shortfall Advances, which were outstanding in the amount of \$11,844,027.12. See APPENDIX E—“SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT.”

⁽³⁾ Property Assembly Reimbursement is the amount to be refunded by the Authority to the Ports as reimbursement for a portion of the amounts expended by the Ports to acquire property and related rights and interests necessary for the Project. As of January 1, 2016, the accrued liability for Property Assembly Reimbursement was \$132,000,000.00. See APPENDIX E—“SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT.”

⁽⁴⁾ On May 22, 2002, after the third track was added to the Mid-Segment described below, the Railroads waived their respective rights to reimbursement from the Reserve Account for costs incurred in connection with Additional Capital Improvements. See “THE RAIL CORRIDOR AND RELATED PROJECTS—Maintenance and Operation of the Project—Reserve Account.”

⁽⁵⁾ The Authority has covenanted with the Series 2004 Bond Insurer and with the Series 2012 Lender to prepay, redeem, defease, retire or purchase First Subordinate Lien Bonds and then the Series 2012 Bonds prior to any other Outstanding Bonds as described above, to the extent it is permitted to do so under the Master Indenture. See “Flow of Funds—Seventeenth.”

Debt Service Reserve Fund

The Indenture establishes a Debt Service Reserve Fund for the payment of principal or accreted value of and interest on the Bonds, and provides for a separate debt service reserve account to be created within the Debt Service Reserve Fund for each Series of Bonds. Each Debt Service Reserve Account secures the payment only of the Bonds of that Series. The Indenture requires that for each Debt Service Reserve Account, cash or a Debt Service Reserve Surety Policy be deposited or credited to such Debt Service Reserve Account at the time of issuance of the Bonds of such Series in an amount, as of any date of calculation, equal to the least of (i) Maximum Annual Debt Service for such Series, (ii) 10% of the original principal and Initial Amount of such Series that have been issued, less the amount of original issue discount with respect to any such Bonds if such original issue discount exceeded 2% on such Bonds at the time of its original sale, and (iii) 125% of the average annual Debt Service on Bonds of such Series for each Bond Year in which Bonds of such Series are Outstanding (the “Debt Service Reserve Requirement”). Each Debt Service Reserve Account is to be maintained until there are no longer any Outstanding Bonds of the Series secured by such Debt Service Reserve Account. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Debt Service Reserve Fund” in Appendix E.

The Indenture permits the Authority to satisfy its obligation to fund all or any portion of a Debt Service Reserve Requirement through cash or (except for the Series 2004 Subordinate Lien Bonds) a Debt Service Reserve Surety Policy. The Debt Service Reserve Surety Policy may be an insurance policy, surety bond or surety agreement or a letter of credit deposited with the Trustee for the credit of a Debt Service Reserve Account within the Debt Service Reserve Fund in lieu of or in substitution for all or a portion of the cash or securities on deposit or to be deposited therein. The Indenture does not require the issuer of a Debt Service Reserve Surety Policy to have or to maintain any particular rating and does not require that a Debt Service Reserve Surety Policy be replaced if the original rating is reduced or withdrawn. The Indenture provides that in the event that a Debt Service Reserve Surety Policy is deposited in a Debt Service Reserve Account in lieu of cash and securities then on deposit in such Debt Service Reserve Account, any amounts in such Debt Service Reserve Account in excess of the Debt Service Reserve Requirement will be transferred to the Debt Service Fund for the Bonds of such series, unless an Event of Default exists under the Indenture, in which event the excess amounts are to be retained in such Debt Service Reserve Account. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Debt Service Reserve Fund” in Appendix E.

In connection with the issuance of the Series 1999 Senior Lien Bonds, the Authority deposited surety bonds issued by the Series 1999 Bond Insurer in the total face amount of \$90.1 million. In connection with the issuance of the Series 2012 Senior Lien Bonds, the Authority deposited a Series 2012 Surety from the Ports in the total amount of \$7.2 million. The Authority has covenanted with the Series 2012 Lender, however, that beginning October 1, 2013, the Trustee will transfer from the Revenue Fund to the Series 2012 Debt Service Reserve Account, as described in “SECOND” under “–Flow of Funds,” an Annual Cash Deposit such that the face amount of the Series 2012 Surety will be reduced by the amounts so deposited and to zero by October 1, 2019.

The Debt Service Reserve Account for the Series 2004 Subordinate Lien Bonds is funded with cash deposits that are invested as described below. The Authority has covenanted with the Series 2004 Bond Insurer that each Debt Service Reserve Account for the Series 2004 Subordinate Lien Bonds will be cash-funded at all times unless agreed to in writing by the Series 2004 Bond Insurer and that the Authority will not substitute a Debt Service Reserve Surety Policy for the cash and securities in the Series 2004 Debt Service Reserve Accounts without the prior written consent of the Series 2004 Bond Insurer.

The Debt Service Reserve Requirement for the Series 2013A Bonds at the time of their delivery was \$24,832,500 and was satisfied with a Debt Service Reserve Surety Policy issued by Assured Guaranty, the Series 2013A Bond Insurer, purchased with a portion of the proceeds of the Series 2013A Bonds.

The Debt Service Reserve Requirements for the Series 2016A Bonds is \$ _____, which is to be satisfied by a Debt Service Reserve Policy to be issued by _____ (the “_____”).

The Debt Service Reserve Requirement for the Series 2016B Bonds is \$ _____, which is to be satisfied by a Debt Service Reserve Policy to be issued by _____.

Additional Bonds

The Indenture permits the issuance of additional Bonds, including variable-rate Bonds that may be secured by letters of credit or other credit facilities, payable on a parity with the Senior Lien Bonds or the First Subordinate Lien Bonds and provides that the Authority may also issue Second Subordinate Lien Bonds as described below and in the “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Additional Bonds” in Appendix E.

Additional Senior Lien Bonds. In addition to its original covenants in the Master Indenture, the Authority has covenanted with the Series 2012 Lender, the Series 2004 Bond Insurer and the Series 2013A Bond Insurer that the Authority will not issue any Senior Lien Bonds (other than refunding Senior Lien Bonds) pursuant to the Master Indenture unless the Authority has obtained the prior written consents of the Series 2012 Lender, the Series 2004 Bond Insurer (so long as the Series 2004 Bond Insurer is not in default) and the Series 2013 Bond Insurer (subject to the limitations set forth in the Ninth Supplemental Indenture), respectively. Refunding Bonds that are Senior Lien Bonds may be issued without complying with the tests described below and without the consent of the Series 2012 Lender, the Series 2004 Bond Insurer or the Series 2013A Bond Insurer, provided that the Authority delivers to the Trustee and to the Series 2012 Lender a certificate of an Authorized Authority Representative showing (1) that Maximum Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Annual Debt Service prior to the issuance of such Refunding Bonds and (2) so long as the Series 2012 Senior Lien Bonds are outstanding, that either (A) aggregate Debt Service on all Senior Lien Bonds will not be increased or (B) that Dedicated Revenues (modified as described below) are equal to at least 125% of Debt Service on Senior Lien Bonds in each year in which the Series 2012 Senior Lien Bonds are outstanding. See “—Modified Calculation of Dedicated Revenues for Additional Bond Tests.”

The Authority covenants in the Ninth Supplemental Indenture that, subject to the limitations contained therein, the Authority will not issue any additional Senior Lien Bonds (other than Refunding Bonds) without the consent of the Series 2013A Bond Insurer and that without the consent of the Series 2013A Bond Insurer no Senior Lien Bonds (including Refunding Bonds) will be issued if there exists an Event of Default (except a default that would be cured by the issuance of such refunding Senior Lien Bonds) or if the Series 2013A Debt Service Reserve Account is not fully funded at its Debt Service Reserve Requirement.

The Authority has also covenanted that, as a condition to the issuance of additional Senior Lien Bonds (other than refunding Senior Lien Bonds), the Authority will deliver to the Trustee, in addition to the consents described above: (i) a certificate prepared by an Authorized Authority Representative showing that the Dedicated Revenues, as calculated by an independent consultant acceptable to the Series 2012 Lender and to the Series 2004 Bond Insurer and in accordance with the Indenture and generally accepted accounting principles, for any twelve consecutive months out of the 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Lien Bonds were at least equal to 125% of Maximum Annual Debt Service on all Senior Lien Bonds, calculated as if the proposed Series of Senior Lien Bonds were then Outstanding; or (ii) a certificate, dated as of a date between the date of pricing of the Senior Lien Bonds proposed to be issued and the date of delivery of such Senior Lien Bonds, prepared by an Authorized Authority Representative showing that the estimated Dedicated Revenues, as calculated by an independent consultant acceptable to the Series 2012 Lender and to the Series 2004 Bond Insurer in accordance with the Indenture and generally accepted accounting principles, for each Bond Year from the date of issuance of

such Senior Lien Bonds through the date of final maturity of all Senior Lien Bonds, will be at least equal to 125% of Debt Service for each Bond Year on all Senior Lien Bonds, calculated as if the proposed Series of Senior Lien Bonds were then Outstanding. The Authority also is required to deliver to the Trustee a certificate prepared by an Authorized Authority Representative showing that the estimated Dedicated Revenues, as calculated by an independent consultant acceptable to the Series 2012 Lender and the Series 2004 Bond Insurer and in accordance with the Indenture and generally accepted accounting principles, for each Bond Year from the date of issuance of such Senior Lien Bonds through the date of final maturity of all Outstanding Bonds, will be at least equal to 110% of Debt Service on all Outstanding Bonds for each Bond Year calculated as if the proposed Series of Senior Lien Bonds were then Outstanding.

Calculation of Dedicated Revenues for Additional Bond Tests. As defined in the Master Indenture, “Dedicated Revenues” means the Use Fees and Container Charges, Contingent Port Obligations and the earnings on all funds and accounts held by the Trustee under the Indenture (but not including the Rebate Fund). The Indenture provides, however, that Dedicated Revenues at a particular level of priority shall only include the sum of interest earnings on the Debt Service Accounts and Debt Service Reserve Funds with respect to such level of priority to the extent such earnings are required to be deposited or retained in such Debt Service Accounts and Debt Service Reserve Funds and that Dedicated Revenues shall not include funds to be deposited in or earnings on the moneys held in the Federal Loan Fund, the M & O Fund or the Reserve Account. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—Definitions” in Appendix E.

Modified Calculation of Dedicated Revenues for Additional Bond Tests. The Authority has covenanted with the Series 2012 Lender and with the Series 2004 Bond Insurer (so long as the Series 2004 Bond Insurer is not in default) that for purposes of issuing additional Bonds only, an independent consultant acceptable to the Series 2004 Bond Insurer and to the Series 2012 Lender will be required to calculate Dedicated Revenues as follows: (1) in each Bond Year (October 1 - September 30), Contingent Port Obligations shall be 40% of debt service on all Outstanding Bonds, calculated as if the proposed Series of Bonds to be issued were Outstanding; and (2) Use Fees and Container Charges shall be the Use Fees and Container Charges that were collected in any twelve consecutive months out of the 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, increased each January 1 at a rate of 1.5%, or such other minimum rate of fee escalation specified in the Operating Agreement; provided, however, that (i) if the rating of either Port is (A) less than AA- but higher than BBB+ (in the case of S&P) or (B) less than Aa3 but higher than Baa1 (in the case of Moody’s), then “Contingent Port Obligations,” for purposes of this calculation only, is to be deemed to be 20% (instead of 40%) of each year’s Debt Service on all Outstanding Bonds, calculated as if the proposed Series of Bonds to be issued were Outstanding; and (ii) if the rating of either Port is (A) less than A- (in the case of S&P) or (B) less than A3 (in the case of Moody’s), then “Contingent Port Obligations,” for purposes of this calculation only, is to be deemed to be 0% (instead of 40%) of each year’s Debt Service on all Outstanding Bonds, calculated as if the proposed Series of Bonds to be issued were Outstanding.

Additional First Subordinate Lien Bonds. The Authority has covenanted with the Series 2012 Lender and the Series 2004 Bond Insurer (so long as the Series 2004 Bond Insurer is not in default) that so long as Series 2012 Bonds and the Series 2004 Bonds, respectively, are outstanding, as a condition to the issuance of additional First Subordinate Lien Bonds (other than refunding First Subordinate Lien Bonds) the Authority will be required to deliver to the Trustee: (i) a certificate prepared by an Authorized Authority Representative showing that the Dedicated Revenues, calculated by an independent consultant acceptable to the Series 2012 Lender and the Series 2004 Bond Insurer as described above for any twelve consecutive months out of the 18 consecutive months immediately preceding the date of issuance of the proposed Series of First Subordinate Lien Bonds were at least equal to 110% of Maximum Annual Debt Service on all Outstanding Bonds calculated as if the proposed Series of First Subordinate Lien Bonds were then Outstanding; or (ii) a certificate, dated as of a date between the date of pricing of the First Subordinate Lien Bonds proposed to be issued and the date of delivery of such First Subordinate Lien Bonds, prepared by an

Authorized Authority Representative showing that the estimated Dedicated Revenues, as calculated by an independent consultant calculated as described above for each Bond Year from the date of issuance of such First Subordinate Lien Bonds through the date of final maturity of all First Subordinate Lien Bonds will be at least equal to 110% of Debt Service on all Outstanding Bonds for each Bond Year, calculated as if the proposed Series of First Subordinate Lien Bonds were then Outstanding.

The Indenture requires that in the case of the issuance of refunding First Subordinate Lien Bonds that the Authority deliver to the Trustee a certificate of an Authorized Authority Representative showing that Maximum Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Annual Debt Service prior to the issuance of such Refunding Bonds.

In connection with the issuance of the Series 2016A Bonds, the Authority expects to deliver a certificate to the Trustee to the effect that the Maximum Annual Debt Service after the issuance of the Series 2016A Bonds will not exceed Maximum Annual Debt Service prior to the issuance of the Series 2016A Bonds.

Additional Second Subordinate Lien Bonds. The Master Indenture permits the Authority to issue Second Subordinate Lien Bonds initially without meeting any debt service coverage test, provided that such Second Subordinate Lien Bonds contain no provisions for acceleration. The Series 2016B Bonds are the initial Second Subordinate Lien Bonds to be issued.

The Eleventh Supplemental Indenture amends the Master Indenture to set forth conditions the Authority must satisfy before issuing any additional Second Subordinate Lien Bonds after the Series 2016B Bonds are issued. As so amended, the Master Indenture permits the issuance of additional Second Subordinate Lien Bonds to refund Bonds previously issued under the Indenture or to pay Costs of the Project, provided that prior to or simultaneously with the delivery of such additional Second Subordinate Lien Bonds of each Series the Authority delivers to the Trustee a certificate prepared by an Authorized Authority Representative showing either (1) that estimated Dedicated Revenues, calculated in accordance with the Master Indenture and generally accepted accounting principles, for each Bond Year through the date of final maturity of all Second Subordinate Lien Bonds will be at least equal to 105% of Debt Service on all Outstanding Bonds; or (2) that Maximum Annual Debt Service on all Outstanding Second Subordinate Lien Bonds after the issuance of the additional Second Subordinate Lien Bonds will not exceed Maximum Annual Debt Service prior to the issuance of such additional Second Subordinate Lien Bonds. See “_____” in Appendix E.

Permitted Investments

Moneys held by the Trustee in the funds and accounts established pursuant to the Indenture are to be invested and reinvested as directed by the Authority in Permitted Investments, subject to any additional restrictions set forth in a Supplemental Indenture. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Investments” and “—Debt Service Reserve Fund” in Appendix E. The Authority has retained Chandler Asset Management, Inc. as the Authority’s investment consultant in connection with the Authority’s direction of the investment and reinvestment of moneys held by the Trustee under the Indenture. The investment consultant is responsible for selecting investments based upon the requirements of the Indenture and the Authority’s investment policy.

The Series 1999 Forward Delivery Agreement. Moneys held by the Trustee in each Debt Service Fund with respect to the Series 1999 Senior Lien Bonds and the Series 2012 Bonds are invested pursuant to a Forward Delivery Agreement dated as of July 12, 2000 (as amended, the “Forward Delivery Agreement”), by and among the Authority, the Trustee and Bank of America, N.A. (the “Provider”). The Provider is an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, one of the Underwriters. The Forward Delivery Agreement, which has been amended three times since 2000, is a Permitted Investment under the

Indenture. Pursuant to the Forward Delivery Agreement, the Trustee is required to purchase, and the Provider is required to deliver to the Trustee as custodian, certain qualified U.S. government securities (the “Qualified Securities”), at a price (the “Purchase Price”) that produces an annual 6.7% rate of return on such securities for the period from and including the date of their delivery to (but excluding) their maturity date. The Provider may transfer its rights and obligations under the Forward Delivery Agreement (i) without the consent of the Authority or the Trustee to any subsidiary or affiliate of the Provider, or (ii) with the Authority’s prior written consent and upon notice to the Trustee. Unless terminated earlier, the Forward Delivery Agreement expires on the later of (i) October 1, 2023 and (ii) the date on which the Provider, the Authority and the Trustee have satisfied all of their obligations thereunder.

The Authority may, by giving the Provider at least 30 days’ prior written notice, redeem, defease, repurchase or refund the Series 1999 Senior Lien Bonds as provided in the Indenture. The Forward Delivery Agreement provides that in the event of such redemption, defeasance, repurchase or refunding, the Forward Delivery Agreement will automatically terminate but that in the event the Series 1999 Senior Lien Bonds are being refunded by a new issuance of bonds, the Provider, at the request of the Authority, will not terminate the Forward Delivery Agreement if certain conditions thereunder are satisfied. The conditions were satisfied when a portion of the Series 1999A Bonds were refunded with proceeds of the Series 2012 Bonds and again in connection with the issuance of the Series 2013A Bonds. In each case, the Provider made a settlement payment to the Authority in connection with the amendment to the Forward Delivery Agreement related to the refunding of the Series 1999A Current Interest Bonds.

The Provider has the right to terminate the Forward Delivery Agreement upon the occurrence of any of the following events (each, an “Issuer Event of Default”): (i) the Authority fails to deposit funds in the Debt Service Fund with respect to the Series 1999 Senior Lien Bonds in accordance with the terms of the applicable Indenture or the Trustee for any other reason fails to purchase the Qualified Securities at the Purchase Price; (ii) the Authority defaults in the performance of any covenant or obligation under the Forward Delivery Agreement and fails to timely cure such defaults; (iii) the Authority fails to comply with its material covenants or agreements under the Indenture, and such failure has an adverse impact on the Provider’s rights and/or obligations under the Forward Delivery Agreement; (iv) any representation or warranty of the Authority contained in the Forward Delivery Agreement proves to have been incorrect in any material aspect as of the date on which it was made; (v) the Authority is at any time insolvent; (vi) the interest and principal outstanding for the Series 1999 Senior Lien Bonds are declared due and payable at any time prior to the scheduled maturity thereof; (vii) there is an investment of amounts in the Debt Service Funds with respect to the Series 1999 Senior Lien Bonds that is not expressly permitted under the Forward Delivery Agreement; or (viii) the Authority defaults in its obligations in respect of borrowed money which, in the aggregate, exceed \$10 million, and fails to timely cure such defaults.

In the event that the Forward Delivery Agreement is terminated pursuant to a redemption, defeasance, repurchase or refunding of the applicable Series 1999 Senior Lien Bonds or pursuant to an Issuer Event of Default, a Trustee Event of Default or a Provider Event of Default, the Authority may be required to pay a substantial termination payment to the Provider. In the event that the Provider’s long-term unsecured credit rating is downgraded as set forth in the Forward Delivery Agreement, the Authority may, at its option, terminate the Forward Delivery Agreement and, depending on market conditions at the time of such termination, may collect from the Provider, or be required to pay to the Provider, a termination payment. In 2012, following a reduction in its ratings, the Provider posted collateral to secure payment of its obligations under the Forward Delivery Agreement. The Forward Delivery Agreement entails risks to the Authority. The counterparty may fail or be unable to perform and the Authority may be required to make significant payments in the event of an early termination of the Forward Delivery Agreement.

Insurance Covenants

The Indenture requires the Authority to obtain or cause to be obtained and to keep continuously in force for so long as any Bonds are Outstanding, the following insurance with respect to the Project (as defined in the Indenture and which includes, among other things, the Rail Corridor and the related improvements):

Liability Insurance—a commercial general liability insurance policy or policies to protect the Authority, the Trustee and the officers, agents and employees of each from liability for damages from bodily injury or property damage caused by or arising from the acts or omissions of such parties or occasioned by reason of the construction, condition or operation of the Project with limits of not less than \$25,000,000 per occurrence. The commercial general liability insurance policy or policies may be subject to deductible clauses in amounts customary for such types of insurance policies, and the Authority may provide other kinds of insurance or methods or plans of protection, including self-insurance, provided such other alternative is approved by an independent insurance consultant. Each liability insurance policy is to name POLA and POLB as additional insureds.

Property Insurance—a policy or policies of property insurance on the Project insuring against loss or damage by fire, lightning, explosion, windstorm, riot, aircraft, vehicle damage, smoke, vandalism and malicious mischief and such other perils as are normally covered by such policies, and insurance protecting against loss or damage by flood and earthquake (if and only to the extent available on the open market from reputable insurance companies at a reasonable cost) with limits of not less than the lesser of (i) maximum probable loss with respect to the Project as determined by an independent insurance consultant; or (ii) the principal amount of all Bonds then Outstanding. The Authority has determined that only a minimum amount of flood and earthquake insurance coverage is available under the terms described above. Each property insurance policy is to name the Trustee and the Authority as loss payee as their interest may appear and POLA and POLB as additional insureds. See “THE RAIL CORRIDOR AND RELATED PROJECTS” and “BONDHOLDERS’ RISKS—Seismic Risks and Other Events of Force Majeure; Limited or No Insurance Coverage.”

Business Interruption Insurance—business interruption insurance to cover loss, total or partial, of the use of the Project as a result of any of the hazards covered by the casualty insurance described under “Property Insurance” above in an amount not less than the total Debt Service payable on all Outstanding Bonds for any period of one year following Substantial Completion of the Rail Corridor. Each such policy may be subject to a deductible clause in an amount customary and reasonable for such policies; provided, however, in no event shall any such deductible exceed the maximum amount set forth in the Operating Agreement. See “THE RAIL CORRIDOR AND RELATED PROJECTS” and “BONDHOLDERS’ RISKS—Seismic Risks and Other Events of Force Majeure; Limited or No Insurance Coverage.”

Payment of Premiums and Application of Net Proceeds—The Indenture and the Operating Agreement provide that premiums and any deductible in respect of property insurance, including business interruption insurance, are to be M & O Charges payable by the Railroads and that other insurance premiums and deductibles are to be Administrative Costs payable by the Authority from Revenues.

The Indenture requires that the Trustee use any Net Proceeds of property insurance (excluding any proceeds of business interruption insurance) to (1) repair or replace the damaged or destroyed facilities, (2) redeem Bonds or (3) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in the Indenture. See “DESCRIPTION OF THE SERIES 2016 BONDS—Redemption—Extraordinary Redemption.”

Certain Other Covenants of the Authority

The Authority has made certain other covenants in the Indenture with respect to the Rail Corridor and the related improvements. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Covenants of the Authority” in Appendix E.

Events of Default and Remedies

The Indenture specifies a number of Events of Defaults and remedies. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—The Master Indenture—Events of Default and Remedies” in Appendix E for a description of Events of Default and remedies.

Rights of the Series 2012 Lender, the Series 1999 Bond Insurer and the Series 2004 Bond Insurer

The Authority has made separate covenants with the Series 1999 Bond Insurer, the Series 2004 Bond Insurer and the Series 2012 Lender. These covenants may be enforceable only by the Insurers or the Series 2012 Lender, respectively, and not by the Trustee or the Bondholders, but in some circumstances a breach of the covenants may be an event of default under the Indenture. In addition, the Series 1999 Bond Insurer and the Series 2004 Bond Insurer (so long as they are not in default under their respective policies) have the rights to direct or consent to actions of the Trustee and to direct proceedings under the Indenture to the same extent and in place of the registered owners of the Series 1999 Bonds and the Series 2004 Subordinate Lien Bonds, respectively.

Rights of the Series 2013A Bond Insurer [and the Series 2016 Bond Insurer]

The Ninth Supplemental Indenture provides that, subject to the conditions set forth in the Ninth Supplemental Indenture (including that the Series 2013A Bond Insurer not be in default), the written consent of the Series 2013A Bond Insurer will be required in lieu of the consent, approval, direction or appointment of the Holders of the Insured Series 2013A Bonds whenever a consent, approval, direction or appointment by such Holders is required or permitted under the Indenture, including, without limitation, for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that such Holders are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies, (ii) the duties and obligations of the Trustee and (iii) any amendment, supplement, modifications to, waiver of, the Indenture that requires the consent of Holders of the Insured Series 2013A Bonds or adversely affects the rights and interest of the Series 2013A Bond Insurer. The Ninth Supplemental Indenture also provides that to eliminate any doubt, the Holders of the Insured Series 2013A Bonds will have no right to give any consent, approval, direction or appointment required or permitted by the Indenture to be given by such Holders.

Pursuant to the Ninth Supplemental Indenture, the Authority agrees that, among other things, without the written consent of the Series 2013A Bond Insurer (unless the Series 2013A Bond Insurer is in default), the Authority will not approve or agree to any amendment, waiver or other modification of the Operating Agreement which could be reasonably expected to result in a material impairment of the security for the Series 2013A Bonds or adversely affect the Series 2013A Bond Insurer’s rights and interests under the Indenture or its obligations under the Series 2013A Bond Insurance Policy or the Series 2013A Debt Service Reserve Surety Policy. All of the Authority’s covenants for the benefit of the Series 2013A Bond Insurer may be waived, modified or otherwise agreed to by the Series 2013A Bond Insurer.

[More to come if the Series 2016 Bonds are to be insured]

[THE SERIES 2016 BOND INSURER

[Series 2016 Bond Insurance Policy

[To Come]

Name of Company

[To come]

AUTHORITY REVENUES

General

Under the Indenture, the Authority has pledged the Revenues to the Trustee for payment of the Bonds. As defined in the Indenture, “Revenues” includes Use Fees and Container Charges, Shortfall Advances, proceeds of business interruption insurance received by the Authority (or the Trustee on behalf of the Authority), the earnings on all funds and accounts held by the Trustee under the Indenture (provided that Revenues at a particular level of priority are only to include the interest earnings on the Debt Service Funds and the Debt Service Reserve Accounts with respect to such level of priority to the extent such earnings are required to be deposited or retained in such Debt Service Funds or Debt Service Reserve Accounts). “Revenues” also includes grants and other amounts received under contracts or agreements with governmental or private entities and permitted to be applied as Revenues, but does not include funds to be deposited or retained in or earnings on the moneys held in the M & O Fund, the Reserve Account or the Rebate Fund. Revenues also does not include any Net Proceeds or proceeds from borrowings or any amounts expended by the Railroads for maintenance and operating expenses for the Non-Rail Components or the Drill Track (each as defined in the Operating Agreement). See “—Use Fees” and “—Container Charges” below and “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—Definitions” and “—USE AND OPERATING AGREEMENT—Certain Definitions” in Appendix E.

The Railroads are required to pay Use Fees and Container Charges, the primary sources of Revenues, in accordance with the Operating Agreement. The Railroads are obligated only to make certain payments required by the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. Use Fees and Container Charges may be increased only in accordance with the terms of the Operating Agreement; the Authority cannot unilaterally increase Use Fees and Container Charges to address Revenue shortfalls, including to pay debt service on its Bonds. Following the settlement of the transloading dispute, the Operating Agreement was amended to extend the term by 25 years, to provide for a \$0.90/TEU increase in the Use Fees and Container Charges (effective December 1, 2006, the “Fee Increase Date”), to increase the amount of the maximum annual inflation adjustment and to require payment by the Railroads of an additional fee in the event Shortfall Advances are paid after the Fee Increase Date. The Railroads’ obligations to make payments under the Operating Agreement terminate on the earlier of (i) April 15, 2062 (60 years after the April 15, 2002 “Commencement Date”) and (ii) the date that Net Project Costs and other amounts required to be paid under the Operating Agreement have been repaid in full (including repayment of the Bonds and amounts, if any, required to reimburse Bond Insurers for any payments made under their financial guaranty policies) and the funding of the Reserve Account to the then-current Reserve Account Target). See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT” in Appendix E. Although other railroad companies may in the future use the Rail Corridor, the Railroads currently are, and currently are expected to remain, the sole users of the Rail Corridor.

The amount of Use Fees and Container Charges payable by the Railroads depends in large part upon the amount of cargo, containerized and non-containerized, that passes through the Ports. Historical

containerized cargo volumes at the Ports (representing most of the cargo moved along the corridor) are summarized below and in Appendices B and C. See “_____” below and “_____” in Appendix B and “_____” in Appendix C.

The Operating Agreement obligates each Port, severally and not jointly, to pay Shortfall Advances in the event the amount of Use Fees and Container Charges collected is not sufficient to pay certain of the Authority’s obligations, including debt service on Outstanding Bonds (including the Series 2016 Bonds). The Shortfall Advances are limited in amount and are subordinated obligations of each Port, payable solely from each Port’s available net revenues after all of such Port’s other obligations are paid. See “—Shortfall Advances” and “BONDHOLDERS’ RISKS—Shortfall Advances Are Limited, Subordinate Obligations of the Ports.”

Use Fees

The Operating Agreement provides that each Railroad is required to pay to the Authority a Use Fee on (i) all Through Trains (as defined in the Operating Agreement), regardless of whether the Through Train uses the Rail Corridor (unless such Through Train cannot use the Rail Corridor because of a complete blockage of the Rail Corridor for more than five consecutive days); (ii) all Local Trains (as defined in the Operating Agreement) that actually use all or any portion of the Rail Corridor; and (iii) all railcars and/or containers, as the case may be, that originate or terminate at the facilities of the Ports but which are included on a Local Train that does not use the Rail Corridor (other than certain railcars terminating at the Toyota Distribution Facility located at POLB). There is no charge on empty railcars, although empty containers (waterborne or non-waterborne) do incur a charge. Use Fees are not to be assessed on Repositioning or Crossing Movements or on the switching of railcars at Permitted Switching Locations. A container or railcar transported on the Rail Corridor to a rail-staging or assembly area (and not loaded or unloaded) and then moved on the Rail Corridor again (in the same direction) to a location off of the Rail Corridor are to be charged only one Use Fee for the one-way trip.

Table 5 lists Use Fees in effect as of January 1, 2016. Use Fees are to be increased, effective on January 1 of each year, based upon changes in the Consumer Price Index (the “CPI”) for the 12-month period ended the preceding October 31. The Operating Agreement provides, however, that in no event will such an increase be less than 1.5% or greater than 4.5%. See Table 8. If Shortfall Advances are paid after the Fee Increase Date, the Operating Agreement permits the Authority to increase the amount of the Use Fees for loaded Waterborne Containers and the amount of Container Charges (including the annual escalation permitted by the Operating Agreement, a “Temporary Increase” and referred to in this Official Statement as a “Surcharge”) by a \$1.00/TEU Surcharge (including the annual increase in the amount of the Surcharge in accordance with the annual CPI adjustments) so long as Bonds (including any reimbursement obligations to Bond Insurers) are outstanding and until such Shortfall Advances, plus interest, are repaid. See “—Historical Cargo Throughput and Revenue Collections” below and the summary of the Operating Agreement in Appendix E. Shortfall Advances paid after the Fee Increase Date are referred to in the Operating Agreement as “Subsequent Shortfall Advances.” The Surcharge is to remain in effect only until all then-outstanding Subsequent Shortfall Advances (plus accrued interest) are reimbursed. In the event all Shortfall Advances are reimbursed and Subsequent Shortfall Advances are made, the Surcharge will go back into effect. The Use Fees shown in Table 5 include the Surcharge the Authority began charging on December 1, 2011 following payment by the Ports of Shortfall Advances on October 1, 2011 and on October 1, 2012. As of January 1, 2016, the Surcharge was adjusted to \$1.206 per TEU. See paragraph “FOURTEENTH” under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds.”

TABLE 5

SCHEDULE OF USE FEES

(as of January 1, 2016)

Waterborne Containers ⁽¹⁾⁽²⁾	\$23.26 per TEU (Loaded) 5.57 per TEU (Empty)
Non-Waterborne Containers ⁽¹⁾	5.57 per TEU (Loaded or Empty)
Automobiles	11.14 per Railcar
Coal	11.14 per Railcar
White Bulk ⁽³⁾	11.14 per Railcar
Iron & Steel	11.14 per Railcar
Liquid Bulk ⁽⁴⁾	11.14 per Railcar
Miscellaneous Carload	11.14 per Railcar

⁽¹⁾ The terms “Waterborne Containers” and “Non-Waterborne Containers” are defined below under “—Container Charges.” “TEU” is the international measure for containerized cargo is the twenty-foot-long container or twenty-foot-equivalent unit.

⁽²⁾ The Use Fee for Waterborne Containers includes the Surcharge described above.

⁽³⁾ White Bulk generally consists of potash, borax, light colored ores and occasionally sulfur.

⁽⁴⁾ Liquid Bulk includes, among other cargos, crude oil, gasoline and other miscellaneous chemicals.

Source: The Authority.

Container Charges

The Operating Agreement requires each Railroad to pay to the Authority, in the manner specified in the Operating Agreement and at the same rate per TEU as set forth in the Operating Agreement for Use Fees for loaded Waterborne Containers, a charge (a “Container Charge”) on each loaded Waterborne Container, that originates or terminates at the Ports and that is moved by rail into or out of Southern California by such Railroad, unless (i) such Waterborne Container has already been assessed the Use Fee required under the Operating Agreement (which Use Fee is required to be paid regardless of whether such container has traveled on the Rail Corridor) or (ii) a Waterborne Container has been shifted to transport by truck as a result of the complete blockage of the Rail Corridor for more than five consecutive days. There is to be no adjustment in Container Charges for a partial blockage of the Rail Corridor or a complete blockage of less than five days. The Container Charge, as of January 1, 2016, is \$23.26 per loaded TEU (the equivalent of the Use Fee for loaded Waterborne Containers). The Operating Agreement provides that as with Use Fees, the Container Charge is to be increased, effective on January 1 of each year, based on changes in the CPI for the 12-month period ended the preceding October 31, but provides that in no event will such an increase be less than 1.5% or greater than 4.5% in any given calendar year.

As defined in the Operating Agreement, “Waterborne Containers” means containers that are loaded onto or discharged from a vessel or barge at the Ports. The Operating Agreement provides that the transportation movement of a container as a Waterborne Container terminates when the container’s cargo is unloaded, unless the Waterborne Container is reloaded with the same cargo and/or with cargo from one or more other Waterborne Containers as a Governmental Transfer and not for a substantial commercial purpose. “Non-Waterborne Containers” means all containers that are not Waterborne Containers, regardless of whether the container holds cargo that has been Transloaded from a Waterborne Container. The Operating Agreement provides that the Transloading or other unloading of a Waterborne Container after it has been transported eastbound over the Rail Corridor will not affect the amount of the Use Fee that is due for such transportation over the Rail Corridor. “Transloading,” as defined in the Operating Agreement, means practices by which cargo from a container is placed in or transferred to another container, including practices known as “transloading,” “cross-docking” or “repackaging” that may involve value-added services on the cargo or combining the cargo with other cargo, except the transfer of cargo from one container to another or

unloading and reloading of the same cargo as required by federal or state laws or regulations relating to homeland security or to customs or immigration.

The Operating Agreement also requires that, as with Use Fee Surcharges, if Shortfall Advances are made by the Ports after the Fee Increase Date, the Railroads will be obligated to pay a Surcharge on the Container Charge in an amount equal to \$1.00 per TEU, escalated annually from the Fee Increase Date in accordance with the annual CPI adjustments, but only until all Shortfall Advances are repaid, with interest, to the Ports through the Annual Accounting provision in the Flow of Funds. See “FOURTEENTH” under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds.”

The Use Fees and Container Charges to be paid by the Railroads are based upon the number of containers and railcars transported on the Rail Corridor, or containers that are trucked around the Rail Corridor that are loaded or unloaded at the Ports and transported by rail into or out of Southern California, and are not based upon the debt service payable on the Bonds, including the Series 2016 Bonds, or upon other financial obligations of the Authority. The Ports and the Railroads are obligated only to make certain payments required under the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of the principal or accreted value of or premium, if any, or interest on, the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations.”

Collection of Use Fees and Container Charges; Revenue Verification System

The Operating Agreement provides that Use Fees and Container Charges are to be assessed by the Authority at their full rates until the Use Fees Termination Date. The Use Fees Termination Date is the earlier of (i) 60 years after the Commencement Date and (ii) the date that Net Project Costs and other amounts required to be paid by the Operating Agreement have been repaid in full (including repayment of the Bonds and any reimbursement obligations to Bond Insurers and the funding of the Reserve Account to the then current Reserve Account Target).

The Operating Agreement provides that, on or before the last day of each month, each Railroad is required to pay to the Authority its Use Fees and Container Charges for the preceding month, based upon the actual number of containers and railcars transported by or on behalf of such Railroad during the immediately preceding month for which the payment of a Use Fee or Container Charge would apply. The Authority has assigned its rights to receive Use Fees and Container Charges to the Trustee pursuant to the Indenture. Accordingly, the Railroads are to pay Use Fees and Container Charges directly to the Trustee for deposit in the Revenue Fund. The Operating Agreement provides that any payment not made when due bears interest at the Overdue Rate until paid (in addition to all of the Authority’s other remedies for non-payment). See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Defaults and Remedies” in Appendix E.

Pursuant to the Operating Agreement, the Authority implemented a revenue verification system to monitor the collection of Use Fees and Container Charges. This system, known as the “Alameda Corridor Revenue Assessment and Verification System” or “RAVS,” is designed to calculate independently the Use Fees and Container Charges payable by the Railroads under the Operating Agreement. The RAVS compares the information provided by the data sources itemized below to the amounts actually paid each month by the Railroads to determine whether the proper amounts of Use Fees and Container Charges have been paid. The RAVS was developed by an independent contractor and is based upon five primary data sources, including (i) daily reports prepared by each Railroad describing each rail movement in Southern California during such day; (ii) daily reports prepared by each major terminal operator located at the Ports describing each container movement through the Ports during such day; (iii) minute-by-minute reports of railcars using the Rail Corridor as detected by Automatic Equipment Identification (“AEI”) stations installed and maintained by the Authority; (iv) daily terminal gate movements as reported to PierPass (a not-for-profit company created by

the marine terminal operators at the Ports) by each major terminal operator located at the Ports, describing each container movement through the Ports during such day; and (v) monthly reports prepared by each Railroad describing each rail movement in Southern California for which Use Fees and Container Charges are owed during such month.

Under the Operating Agreement, the Authority is required at the end of each calendar quarter to reconcile the amount of Use Fees and Container Charges actually paid by each Railroad for such quarter against amounts reported. The Operating Agreement provides that, to the extent the amount of a Railroad’s payment for such quarter differs from the amount the Railroad actually should have paid for the quarter based upon the number of containers and railcars actually subject to such charges, such Railroad shall receive a credit for such difference during the next succeeding month(s), or shall pay the shortfall within 30 days after receiving a statement from the Authority, as the case may be.

Table 6 is derived from the Authority’s audited financial statements and summarizes Use Fees and Container Charges received for fiscal years ended June 30, 2006 through June 30, 2015. The \$3.5 million (3.2%) decrease in the fiscal year ended June 30, 2015 was due primarily to the productivity, congestion and labor contract issues at both Ports described below. See “—Recent and Budgeted Cargo Throughput and Revenue Collection—Containerized Cargo Throughput Calendar Years 2006-2015.” For the first seven (7) months of fiscal years 2015 and 2016, the Authority collected Use Fees and Container Charges in the amounts of \$62,516,973 and \$61,870,126, respectively, of Use Fees and Container Charges.

TABLE 6
USE FEES AND CONTAINER CHARGES

Fiscal Year Ended June 30	Use Fees and Container Charges⁽¹⁾
2006	\$ 80,540,063
2007	95,220,756
2008	94,048,421
2009	85,349,060
2010	80,478,532
2011	93,188,481
2012 ⁽²⁾	97,283,963
2013 ⁽³⁾	99,358,973
2014 ⁽³⁾	108,998,890
2015 ⁽³⁾⁽⁴⁾	105,518,770

⁽¹⁾ Effective December 1, 2006, includes the \$0.90-per TEU increase in Use Fees and Customer Charges agreed to as part of the settlement with the Railroads.

⁽²⁾ Includes seven months of Surcharges based upon the Subsequent Shortfall Advance payment required for October 1, 2011 debt service.

⁽³⁾ Revenues include an annual fee increase of 3.0% on January 1, 2013 and an increase of 1.5% on January 1, 2014, on January 1, 2015 and on January 1, 2016.

⁽⁴⁾ See “—Recent and Budgeted Cargo Throughput and Revenue Collections” and Table 6 below for a description of the productivity, congestion and labor contract issues that affected both Ports during the end of calendar year 2014 and the first six months of calendar year 2015.

Sources: *Extracted by the Authority from its audited financial statements for fiscal years 2006-2015.*

Shortfall Advances

The Ports have agreed in the Operating Agreement that in any year in which Use Fees and Container Charges are insufficient to pay debt service on the Bonds and certain other deposits and payments, including certain Financing Fees and deposits to any debt service reserve fund (collectively, the “Annual Amount”), the Ports are to advance to the Authority, from any legally available source, funds (the “Shortfall Advances” or “Subsequent Shortfall Advances”) sufficient to pay the positive difference between the Annual Amount due with respect to such year and the amount of other funds available to be applied against the Annual Amount in such year (exclusive of all reserves and other funds specifically pledged for other purposes). The Operating Agreement provides, however, that in no event will the Shortfall Advances required to be made with respect to a calendar year exceed in the aggregate an amount equal to 40% of the total Annual Amount due in such calendar year (defined in the Indenture as the “Contingent Port Obligations”). The Operating Agreement provides that each of the Ports is separately responsible for one-half of the Shortfall Advances due in a year, with neither Port responsible for the contribution required of the other and provides that in no event is either Port individually required to pay in any calendar year an amount in excess of 20% of the Annual Amount due in such year. The obligations to pay Shortfall Advances are limited, subordinate obligations of the Ports and are payable solely from each Port’s legally available revenues after all of such Port’s other obligations are paid. See “THE PORT OF LOS ANGELES” in Appendix B, “THE PORT OF LONG BEACH” in Appendix C and “BONDHOLDERS’ RISKS—Shortfall Advances Are Limited, Subordinate Obligations of the Ports.”

The Ports’ obligation to make Shortfall Advances continues even if the Railroads’ obligation to pay Use Fees is abated as the result of complete blockage of the Rail Corridor for more than five consecutive days. The Operating Agreement requires that the proceeds of any business interruption insurance with respect to an abatement of Use Fees (and, if applicable, Container Charges) that are actually applied to the Annual Amount be taken into account in determining the amount of Shortfall Advances due. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Shortfall Advances” in Appendix E.

The Operating Agreement requires the Authority to submit to each Port at least 90 days prior to the beginning of each Port’s fiscal year the Authority’s estimate of the amount of Shortfall Advances that will be required from each Port during such fiscal year. On March 23, 2016, the Authority delivered a Notice to the Ports indicating that, as of such date, Shortfall Advances in the aggregate approximate amount of \$4.0 million would be required for the fiscal year ending June 30, 2017. The issuance of the Series 2016 Bonds is being designed to reduce or eliminate the need for Shortfall Advances for the fiscal year ending June 30, 2017.

Each Port has covenanted in the Operating Agreement that it will include its share of the estimated Shortfall Advances in its budget for the fiscal year in which such shortfall may occur and/or that it will set aside existing surplus revenues or other lawfully available funds for the payment of its share of the estimated Shortfall Advance. Neither Port is required under the Operating Agreement to take Shortfall Advances into account when establishing its rates and charges or when incurring additional indebtedness or determining compliance with rate covenants under its existing resolutions or indentures. The Authority is required to notify each Port of the actual amount of a Shortfall Advance at least 45 days prior to the date on which a Shortfall Advance is needed, and each Port is required to pay its respective share of such Shortfall Advance on or before such date. The Operating Agreement provides that in the event a Port fails to pay its Shortfall Advance in the year such payment is due, the amount of such unpaid Shortfall Advance (the “Unpaid Shortfall”) will continue to accrue and be payable by such Port.

The Ports were not required to pay Shortfall Advances until calendar year 2011, in part because the Authority was able to postpone some of its capital projects and to allocate unexpended Series 1999 Bond proceeds to the redemption of Outstanding current interest Bonds. Together, the Ports paid a total of \$5.9

million of Shortfall Advances for debt service payments due on October 1, 2011 and a total of \$5.9 million of Shortfall Advances for debt service payments due on October 1, 2012. As a result of the payment of Shortfall Advances by the Ports, the Authority began imposing the Surcharges in December 2011.

No assurance can be given that the amount of any Shortfall Advance required to be made by the Ports will be sufficient to satisfy the financial needs of the Authority, including the payment of Bonds when due, or that either Port will have sufficient funds available to make any particular Shortfall Advance when due. As described below, for the Authority to pay scheduled debt service on its Outstanding Bonds, even with Shortfall Advances, some growth in cargo volumes that use the Rail Corridor and revenues will be required if the Authority is to pay all of the outstanding Bonds. The Operating Agreement provides that Shortfall Advances, plus interest, are to be reimbursed to the Ports from Use Fees and Container Charges to the extent available, after the payment of debt service on the Bonds, replenishment of the Debt Service Reserve Account for each Series of Bonds, the funding of the Reserve Account, the payment of Authority expenses and the Benefit Amount and payment of any unreimbursed Net Project Costs advanced by the Ports prior to substantial completion of the Rail Corridor. As described above, the Operating Agreement also permits the Authority to increase the amount of the Use Fees for loaded Waterborne Containers and the amount of Container Charges by a \$1.00/TEU Surcharge (including the annual increase in the amount of the Surcharge permitted by the Operating Agreement in accordance with the annual CPI adjustments) so long as Bonds (including any reimbursement obligations to Bond Insurers) are outstanding and until such Shortfall Advances, plus interest, are repaid. As of January 1, 2016, the Surcharge was adjusted to \$1.206 per TEU. See Table 5 and “—Flow of Funds.”

Recent Cargo Throughput and Revenue Collections

Containerized Cargo Throughput Calendar Years 2006-2015. Combined containerized cargo throughput at the Ports, and the Authority’s share of Port throughput, peaked in calendar year 2006, when containerized cargo totaled approximately 15.76 million TEUs. Beginning in 2008, the global economic downturn resulted in significant decreases in global trade, including trade through the Ports. As shown in Table 6, from approximately 15.67 million TEUs in calendar year 2007, annual containerized cargo throughput at the Ports decreased approximately 8.5% in calendar year 2008 and another 17.6%, to 11.8 million TEUs, in calendar year 2009. Many terminal operators, ocean carriers and shippers took steps to mitigate costs and the impact of reduced revenues, and both Ports initiated incentive programs for their customers to mitigate some of the effects of the downturn, to maintain market share and to attract additional discretionary cargo.

Containerized cargo throughput increased approximately 19.3% at the Ports in calendar year 2010, decreased slightly in calendar year 2011 and increased slightly in calendar year 2012. Containerized cargo throughput in 2013 and 2014 increased by 3.4% and 3.8%, respectively, and in 2015 decreased by 2.2% to 8.16 million TEUs at POLA and increased by 5.4% to 7.19 million TEUs at POLB; still below the volumes reached in 2007. See “THE PORT OF LOS ANGELES” in Appendix B and “THE PORT OF LONG BEACH” in Appendix C.

Containerized cargo movements at both Ports slowed between April 2014 and June 2015 as a result of congestion issues at the Ports generally and also as a result of disruptions related to contract negotiations between the Pacific Maritime Association (the “Association”) and the International Longshore and Warehouse Union (the “ILWU”). The Association represents most of the steamship lines, marine terminal operators, car-loading bureaus and cargo companies on the Pacific Coast, and the ILWU represents employees who contract with the Association. According to the Ports, the current contract was entered into on May 21, 2015 and was ratified by the ILWU membership on May 22, 2015, retroactive to July 1, 2014, and expires on June 30, 2019. The previous contract expired on June 30, 2014, and although the Association and the ILWU began negotiating a new contract in May 2014, they did not reach an agreement until February 2015. According to the Ports, the protracted negotiations and resulting disruptions had a compounding effect

on congestion issues that had slowed container cargo movement through the Ports generally since September 2014, and container volumes and revenues at both Ports were temporarily impacted. Containerized cargo movements increased as the congestion cleared during the second half of calendar year 2015, and full-year volumes were 15.35 million TEUs, compared to 15.16 million TEUs in calendar year 2014. See “_____.”

Table 7 shows (in TEUs) historical full and empty containers that moved through the Ports and full and empty containers for which the Authority received revenues for calendar years 2006 through 2015. In general, the Authority’s share of the containerized cargo that passes through the Ports is intermodal cargo from or destined to areas outside Southern California without transloading, and Authority Revenue from such throughput includes (1) Use Fees on cargo transferred directly by or from railcars and cargo trucked to or from near-dock rail and (2) Container Charges on cargo trucked to or from off-dock rail. As described below, the volumes of containerized cargo handled at the Ports (and the Authority’s Revenues from its share of the Ports’ cargo throughput) vary from year to year and depend upon a variety of local, regional, national and international economic, demographic, political and competitive factors. See “BONDHOLDERS’ RISKS—Recent and Forecast Cargo Throughput and Revenue Collections” below, “THE PORT OF LOS ANGELES” in Appendix B, “THE PORT OF LONG BEACH” in Appendix C and the Report of the Ports’ Independent Consultant in Appendix K.

TABLE 7

**PORTS OF LONG BEACH AND LOS ANGELES AND AUTHORITY CONTAINER THROUGHPUT
CALENDAR YEARS 2006-2015
(TEUs)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012⁽¹⁾</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Ports⁽³⁾										
Inbound⁽⁴⁾	8,127,866	8,114,763	7,327,953	6,059,282	7,102,794	7,091,732	7,154,911	7,432,017	7,787,274	7,784,725
Outbound⁽⁴⁾	2,714,462	3,181,884	3,469,553	3,020,965	3,403,673	3,616,086	3,583,264	3,625,999	3,536,409	3,182,237
Empties	4,917,890	4,370,857	3,540,295	2,736,345	3,588,936	3,293,784	3,385,201	3,541,139	3,837,191	4,385,562
Total TEUs	15,760,218	15,667,504	14,337,801	11,816,592	14,095,402	14,001,602	14,123,376	14,599,155	15,160,874	15,352,524
% Change From Prior Year	--	-0.6%	-8.5%	-17.6%	19.3%	-0.7%	0.9%	3.4%	3.8%	1.3%
Authority⁽³⁾										
Inbound⁽⁴⁾	3,613,098	3,406,714	3,087,796	2,338,783	2,655,783	2,766,551	2,643,636	2,769,596	2,959,071	2,874,305
Outbound⁽⁴⁾	1,549,261	1,833,979	1,766,917	1,587,680	1,763,450	1,857,205	1,704,824	1,720,652	1,636,401	1,472,416
Empties	1,012,620	714,576	524,442	285,857	375,302	363,636	333,105	342,344	505,239	702,032
Total TEUs	6,174,979	5,955,269	5,379,155	4,212,320	4,794,535	4,987,392	4,681,565	4,832,592	5,100,711	5,048,753
% Change From Prior Year	--	-9.7%	-3.6%	-21.7%	13.8%	4.0%	-6.1%	3.2%	5.6%	-1.0%
Authority's % of Ports' Throughput	39.2%	38%	37.5%	35.7%	34.0%	35.6%	33.2%	33.1%	33.6%	32.9%

⁽¹⁾ Restated.

⁽²⁾ Estimated.

⁽³⁾ Includes domestic (the Authority's Non-Waterborne component).

⁽⁴⁾ Fully loaded.

Sources: For Port cargo information, the Ports; and for Authority TEUs, the Authority.

Historical Cargo Throughput and Revenue Collections

Table 8 summarizes for calendar years 2007 through 2016 the Authority's Use Fees and Container Charges.

TABLE 8

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY CONTAINER CHARGES AND USE FEES

(Effective January 1, 2007-2016)⁽¹⁾

Calendar Year	Loaded Waterborne/TEU	Empty TEU or Loaded Non-Waterborne/TEU	Miscellaneous Full Railcar	CPI Increase⁽²⁾
2007	\$18.04 ⁽³⁾	\$4.57	\$9.13	2.20%
2008	18.67 ⁽³⁾	4.73	9.45	3.50
2009	19.31 ⁽³⁾	4.89	9.77	3.43
2010	19.60 ⁽³⁾	4.96	9.92	1.50
2011	19.89 ⁽³⁾⁽⁴⁾	5.03	10.07	1.50
2012	21.60 ⁽³⁾⁽⁵⁾	5.17	10.35	2.80
2013	22.25 ⁽³⁾⁽⁶⁾	5.33	10.66	3.00
2014	22.58 ⁽³⁾⁽⁶⁾	5.41	10.82	1.50
2015	22.92 ⁽³⁾⁽⁶⁾	5.49	10.98	1.50
2016	23.26 ⁽³⁾⁽⁶⁾	5.57	11.14	1.50

⁽¹⁾ Except that the \$0.90/Loaded Waterborne TEU increase agreed to in the settlement and the amendments to the Operating Agreement became effective December 1, 2006 and except that the Surcharge of \$1.12/TEU (\$1.00, escalated from 2006 by the annual CPI escalator) became effective on December 1, 2011 following the Shortfall Advance payment required for the October 1, 2011 debt service payment.

⁽²⁾ CPI increases are calculated from October 31 to October 31 of the prior calendar year. Under the Operating Agreement, the minimum increase is 1.5%, even if (as in 2009 and 2010) the actual CPI increase was lower than 1.5%.

⁽³⁾ Includes a one-time, permanent fee increase of \$0.90/Loaded Waterborne TEU effective December 1, 2006 pursuant to the Transload settlement. That increase, together with the CPI increase, resulted in an increase of \$1.29/Loaded Waterborne TEU in 2007.

⁽⁴⁾ Excludes the Surcharge of \$1.12/TEU (\$1.00, escalated from 2006 by the annual CPI escalator) effective on December 1, 2011 following the Shortfall Advance payment required for the October 1, 2011 debt service payment.

⁽⁵⁾ The addition of the Surcharge, plus the CPI increase, resulted in a total increase of \$1.71/Loaded Waterborne TEU in 2012.

⁽⁶⁾ Includes the Surcharge.

Source: *The Authority*.

Table 9 summarizes revenue collected by the Authority during fiscal years 2007 through 2015. As shown in the table, between 94.34% and 96.58% of the Authority's Container Charge and Use Fee revenues has been derived from full Waterborne containers.

TABLE 9

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
CONTAINER CHARGE AND USE FEE REVENUE IN FISCAL YEARS 2007-2015 AND FIRST SEVEN MONTHS OF FISCAL YEARS 2015 AND 2016⁽¹⁾
(Fiscal Years ended June 30)

Component	2007 ⁽²⁾	2008 ⁽²⁾	2009 ⁽²⁾	2010 ⁽²⁾	2011 ⁽²⁾	2012 ⁽²⁾⁽³⁾⁽⁴⁾	2013 ⁽²⁾⁽³⁾⁽⁴⁾	2014 ⁽²⁾⁽³⁾⁽⁴⁾	2015 ⁽²⁾⁽³⁾⁽⁴⁾
	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
Waterborne Full	\$89,831,585	\$89,912,972	\$81,572,924	\$77,722,350	\$89,637,086	\$93,771,838	\$95,818,966	\$104,859,129	\$100,128,456
Waterborne Empty	3,824,422	2,181,043	2,087,658	1,202,976	1,966,438	1,776,213	1,823,295	2,149,683	3,475,207
Non-Waterborne	879,106	1,108,015	987,457	803,053	689,258	740,226	672,416	685,034	730,053
Misc. Full Railcars	685,643	846,390	701,201	750,153	895,700	995,686	1,044,296	1,305,044	1,185,054
Totals	\$95,220,756	\$94,048,421	\$85,349,240	\$80,478,532	\$93,188,481	\$97,283,963	\$99,358,973	\$108,998,890	\$105,518,770
	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue
Waterborne Full	94.34%	95.60%	95.58%	96.58%	96.19%	96.39%	96.44%	96.20%	94.89%
Waterborne Empty	4.02	2.32	2.45	1.49	2.11	1.83	1.84	1.97	3.29
Non-Waterborne	0.92	1.18	1.16	1.00	0.74	0.76	0.68	0.63	0.69
Misc. Full Railcars	0.72	0.90	0.82	0.93	0.96	1.02	1.05	1.20	1.12
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Component	First Seven Months		First Seven Months	
	FY 2015 ⁽²⁾⁽³⁾⁽⁴⁾	FY 2016 ⁽²⁾⁽³⁾⁽⁴⁾	FY 2015 ⁽²⁾⁽³⁾⁽⁴⁾	FY 2016 ⁽²⁾⁽³⁾⁽⁴⁾
	Revenue	Revenue	% of Total Revenue	% of Total Revenue
Waterborne Full	\$59,421,008	\$58,395,247	%	%
Waterborne Empty	1,930,772	2,560,959		
Non-Waterborne	432,318	418,951		
Misc. Full Railcars	732,875	559,515		
Totals	\$62,516,973	\$61,934,672	%	%

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Includes a one-time, permanent fee increase of \$0.90/Loaded Waterborne TEU effective December 1, 2006 pursuant to the Transload settlement. That increase, together with the CPI increase, resulted in an increase of \$1.29/Loaded Waterborne TEU in 2007. See “—Collection of Use Fees and Container Charges; Revenue Verification System.”

⁽³⁾ Includes the Surcharge of \$1.12/Loaded Waterborne TEU (\$1.00, escalated from 2006 by the annual CPI escalator) effective on December 1, 2011 following the Shortfall Advance payment required for the October 1, 2011 debt service payment. See “—Use Fees” and “—Container Charges” and Table 5.

⁽⁴⁾ The addition of the Surcharge, plus the CPI increase resulted in a total increase of \$1.71/loaded Waterborne TEU in 2012.

Source: Cargo information compiled by the Authority from information provided by the Ports.

Historical Revenues and Expenses

Table 10A is derived from the Authority's audited financial statements for fiscal years ended June 30, 2011 through 2015.

TABLE 10A
ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(Fiscal Years ended June 30)

	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2015
Operating revenues:					
Use fees and container charges	\$ 93,188,481	\$ 97,283,963	\$ 99,358,973	\$ 108,998,890	\$ 105,518,770
Maintenance-of-way charges ⁽²⁾	3,996,449	4,408,285	4,557,706	4,788,030	4,856,519
Total operating revenues	<u>97,184,930</u>	<u>101,692,248</u>	<u>103,916,679</u>	<u>113,786,920</u>	<u>110,375,289</u>
Operating expenses:					
Salaries and benefits	1,839,141	2,116,405	2,154,998	1,708,783	1,860,394
Administrative expenses	2,215,700	1,829,151	1,821,842	1,524,456	1,521,284
Professional services	4,939,826	2,962,133	736,069	949,450	744,920
Maintenance-of-way	5,489,127	5,984,781	6,204,519	6,039,975	6,738,543
Depreciation	21,701,750	21,754,246	21,304,024	21,308,675	21,244,199
Total operating expenses	<u>36,185,544</u>	<u>34,646,717</u>	<u>32,221,452</u>	<u>31,531,339</u>	<u>32,109,340</u>
Operating income	<u>60,999,386</u>	<u>67,045,531</u>	<u>71,695,227</u>	<u>82,255,581</u>	<u>78,265,949</u>
Nonoperating revenues:					
Interest and investment revenue, net	5,070,228	4,156,696	3,111,174	2,230,983	2,413,719
Grants ⁽³⁾	6,203,554	2,806,482	4,168,478	8,158,398	3,479,593
Miscellaneous revenue	2,673,181	980,469	499,967	188,533	193,220
Total nonoperating revenues	<u>13,946,963</u>	<u>7,943,647</u>	<u>7,779,619</u>	<u>10,577,914</u>	<u>6,086,532</u>
Nonoperating expenses:					
Interest expense	118,156,735	118,538,433	109,435,367	116,183,634	111,683,412
Loss on sale and transfers of capital assets held for sale and transfer ⁽⁴⁾	-	-	-	13,011,363	26,328,348
Expenses for public benefit ⁽⁵⁾	-	-	5,216,480	3,460,496	4,195,569
Bond issuance costs	3,230,361	-	4,372,302	-	-
Total nonoperating expenses	<u>121,387,096</u>	<u>118,538,433</u>	<u>119,024,149</u>	<u>132,655,493</u>	<u>142,207,329</u>
Change in net position ⁽⁶⁾	<u>(46,440,747)</u>	<u>(43,549,255)</u>	<u>(39,549,303)</u>	<u>(39,821,998)</u>	<u>(57,854,848)</u>
Net position, beginning of the year, as restated	<u>123,854,033</u>	<u>24,959,164</u>	<u>(18,590,091)</u>	<u>(93,327,062)</u>	<u>(133,149,060)</u>
Cumulative effect of change in accounting principle			(35,187,668) ⁽⁷⁾		(1,688,512) ⁽⁸⁾
Net position, beginning of the year, as restated	<u>123,854,033</u>	<u>24,959,164</u>	<u>(53,777,759)</u>	<u>(93,327,062)</u>	<u>(134,837,572)</u>
Net position, end of year ⁽⁵⁾	<u>\$ 77,413,286</u>	<u>\$ (18,590,091)</u>	<u>\$ (93,327,062)</u>	<u>\$ (133,149,060)</u>	<u>\$ (192,692,420)</u>

⁽¹⁾ As restated as of June 30, 2015 to conform with Fiscal Year 2015 presentation. In 2015, certain expenditures recorded in prior years as capital assets were determined to be more appropriately presented as expenses, and certain land and rights-of-way classified within capital assets were reclassified as assets held for sale and transfer. See Note 12 in Appendix A.

⁽²⁾ M & O charges are payable by the Railroads as provided by the Operating Agreement and are not pledged to or available for payment of Bonds. See "THE RAIL CORRIDOR AND RELATED PROJECTS—Maintenance and Operation of the Rail Corridor."

⁽³⁾ Represents proceeds from federal or state grants awarded to reimburse the Authority or the California Department of Transportation for costs of Related Improvements.

⁽⁴⁾ See Note 4 in Appendix A.

⁽⁵⁾ See Note 12 in Appendix A.

⁽⁶⁾ Decreases in total net position are primarily because operating income (which takes depreciation into account) is less than interest expense. See Appendix A.

⁽⁷⁾ As restated as of June 30, 2015 to conform with Fiscal Year 2015 presentation.

⁽⁸⁾ In 2015, the Authority implemented new accounting standards pursuant to Governmental Accounting Standards Board Statement No. 68. See Note 9 in Appendix A.

Source: The Authority.

Table 10B is derived from the Authority's unaudited financial information for the first seven months of fiscal years ended June 30, 2015 and June 30, 2016.

TABLE 10B
ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(Seven Months Ended January 31, 2015 and 2016)

	<u>2015</u>	<u>2016</u>
Operating revenues:		
Use fees and container charges	\$ 62,516,973	\$ 61,870,126
Maintenance-of-way charges	2,625,658	2,571,770
Total operating revenues	<u>65,142,631</u>	<u>64,441,896</u>
Operating expenses:		
Salaries and benefits	1,085,721	1,096,142
Administrative expenses	704,505	722,277
Professional services	463,722	764,159
Maintenance-of-way	3,465,360	3,734,293
Depreciation	12,712,644	12,607,800
Total operating expenses	<u>18,431,952</u>	<u>18,924,671</u>
Operating income	<u>46,710,679</u>	<u>45,517,225</u>
Nonoperating revenues:		
Interest and investment revenue, net	1,386,409	1,732,941
Grants	136,282	1,328,607
Miscellaneous revenue	303,722	104,214
Gain/Loss Sale or Transfer of Capital Assets	533,797	-
Total nonoperating revenues	<u>2,360,210</u>	<u>3,165,765</u>
Nonoperating expenses:		
Interest expense	65,105,626	65,224,627
Expenses for public benefit and Pass Thru Expenses	-	1,328,958
Total nonoperating expenses	<u>65,105,626</u>	<u>66,553,585</u>
Change in net position	<u>(16,034,737)</u>	<u>(17,870,595)</u>
Net position, beginning of the period, as restated	<u>(90,309,586)</u>	<u>(192,692,420)</u>
Net position, end of period	<u>\$ (106,344,323)</u>	<u>\$ (210,563,015)</u>

Source: Extracted from unaudited financial information of the Authority.

Forecast Port and Authority Cargo Throughput and Estimated Authority Revenues

In general, the Authority's share of the containerized cargo that passes through the Ports is intermodal cargo from or destined to areas outside Southern California without transloading, and Authority Revenue from such throughput includes (1) Use Fees on cargo transferred directly by or from railcars and cargo trucked to or from near-dock rail and (2) Container Charges on cargo trucked to or from off-dock rail. The volumes of containerized cargo handled at the Ports (and the Authority's Revenues from its share of the Ports' cargo throughput) vary from year to year and depend upon a variety of local, regional, national and international economic, demographic, political and competitive factors.

Report of the Ports' Independent Consultant

The Report of the Ports' Independent Consultant was commissioned by the Ports not to forecast use of the Corridor or Authority revenues but to assist the Ports in developing their own long-term forecasts of containerized and non-containerized cargo throughput through the two Ports. Among other things, the Report of the Ports' Independent Consultant identifies key macroeconomic drivers and cost considerations that impact competitiveness and cargo throughput decisions by shippers and carriers. The Report of the Ports' Independent Consultant also includes forecasts of long-term U.S. and Canada trade levels and competitiveness for containerized cargo and for non-containerized cargo, such as dry- and liquid-bulk cargo, break-bulk cargo and vehicles and other roll-on/roll-off cargo.

In the Report of the Ports' Independent Consultant, the Ports' Independent Consultant identified two primary categories of imported international cargo that passes through the Ports: local cargo and "Inland Point Intermodal," or IPI, cargo. "Local cargo" consists of cargo that stays in the Southern California area and also includes cargo that moves or is transloaded to move by truck as far east as Colorado and New Mexico and cargo that is transloaded and moves inland by rail, mostly to points beyond the Rocky Mountains. Local cargo, including transloaded cargo, represented approximately 62% of loaded imports through the Ports for [calendar/fiscal] year [2014/2015]. According to the Ports' Independent Consultant, such local and transloaded cargo is less likely to be diverted to other ports because the additional costs of moving cargo to the Ports' catchment area from alternative ports would outweigh any port or terminal costs savings.

IPI cargo consists of the Ports' containerized cargo that is moved by rail directly from or to an interior destination (but not cargo that is transloaded and then transported by rail to inland destinations). According to the Ports' Independent Consultant, IPI cargo represented approximately 38% of loaded international containerized cargo imports that moved through the Ports in [calendar/fiscal] year [2014/2015]. IPI volumes generally are the container volumes that use the Rail Corridor or are trucked around the Rail Corridor but are still eligible for an Authority fee, both of which generate the Authority's Revenues.

In the Report of the Ports' Independent Consultant, the Ports' Independent Consultant concluded that imported containers that move directly by rail to reach their final destinations (IPI) are highly divertible to other ports because there are a number of gateway ports along the Pacific coast that are positioned to handle these volumes and also because the increased availability of services between Asia and East/Gulf Coast ports enables all-water routings to be viable alternatives for the lower-value, less time-sensitive commodities moving to inland destinations east of the Mississippi River valley. The Ports' Independent Consultant concludes that consequently, IPI volume is the segment that is most vulnerable to the risk of share loss for the Ports. To evaluate how the Ports' competitive position for their existing IPI volumes could evolve over the next 25 years, the Ports' Independent Consultant performed analyses that identified and assessed the following competitive factors/trends with potential impact on the Ports' positions:

- the completion in 2016 of the expansion of the Panama Canal, which will allow larger vessels to be deployed on all-water services between Northeast Asia and the Atlantic/Gulf Coast ports, enabling ocean carriers to lower their costs (but not their time) on this route;

- slower growth in vessel capacities calling on the Ports as a result of slower growth of import volumes to the Ports, all of which could reduce the slot-cost advantage that transpacific deployments and the Ports currently have over all-water services and the East Coast ports;
- faster increases in terminal handling costs at the Ports than at competing ports, which could result in higher terminal service charges to carriers and reduce the Ports' competitiveness; and
- increased terminal capacity at ports in British Columbia, particularly at Prince Rupert Sound, but also at improved facilities at Oakland and in the Pacific Northwest and along the East Coast and Gulf Coast, which would allow these ports to handle additional services and greater numbers of IPI movements to destinations within the United States.

In the Report of the Ports' Independent Consultant, the Ports' Independent Consultant identifies the diversion of containerized cargo to other ports as the primary competitive risk for the Ports and concludes that the competitive factors that are expected to affect IPI volumes at the Ports, the expansion of the Panama Canal facilities, expansions in facilities (particularly at Prince Rupert Sound in British Columbia) and improvements in facilities along the East Coast and Gulf Coast, slow growth in vessel sizes calling at the Ports and differential growth rates of terminal costs are the most significant and the most likely to cause diversion.

The Report of the Ports' Independent Consultant includes three macroeconomic scenarios for the United States economy (expected growth, high growth and low growth), with three competitive factor adjustments (base case, upside and downside) applied to each macroeconomic scenario, resulting in a total of nine scenarios. For discussions of the various scenarios and the competitive adjustments, see "_____ " and "_____ " in Appendix K.

Expected Base Case. Table 11A below shows estimated future Use Fees and Container Charges and future debt service coverage, based upon the "expected base case" scenario (expected growth in the United States economy adjusted for the base case competitive factors) and the cargo growth rates demonstrated in the expected base case in the Report of the Ports' Independent Consultant. In the "expected growth" macroeconomic scenario, the Ports' Independent Consultant assumes that the U.S. economy continues its gradual recovery, the United States gross domestic product grows at rate of 2.4% over the long-term, United States trade grows at a rate of 3.9% and tariff rates decline. For the "base case" competitive adjustment, the Ports' Independent Consultant assumes moderation in largest vessel size growth and some IPI cargo losses to British Columbia, the U.S. Gulf Coast and U.S. East Coast ports.

Low Downside Case. Table 11B shows estimated future Use Fees and Container Charges and future debt service coverage based upon the "low downside case" scenario (low growth in the United States economy adjusted for the downside case competitive factors) and the cargo growth rates demonstrated in the low downside case in the Report of the Ports' Independent Consultant, adjusted by the Authority to reflect a 2.0% annual growth rate through Fiscal Year 2019. In the low growth macroeconomic scenario, the Ports' Independent Consultant assumes that the U.S. economy experiences near term shocks, the United States gross domestic product grows at rate of 2.0% over the long-term and United States trade grows at a rate of 2.7%. For the "downside" competitive factor adjustment, the Ports' Independent Consultant assumes that vessel size is weighted towards Panama Canal limits, additional first call service is added for ports in British Columbia and that calling at the Ports results in significant route cost disadvantages.

Future Estimated Authority Revenues and Forecasted Debt Service Coverage

Table 11A below sets forth estimated future Use Fees and Container Charges and forecasted debt service coverage on the Authority's Bonds, including the Series 2016 Bonds, from Total Dedicated Revenues (Use Fees and Container Charges and Contingent Obligations combined) based upon the expected base case scenario included in the Report of the Ports' Independent Consultant, and Table 11B sets forth estimated future

Use Fees and Container Charges and forecasted debt service coverage on the Authority's Bonds from Dedicated Revenues based upon the low downside case scenario included in the Report of the Ports' Independent Consultant, with the cargo growth rate adjusted as described above, in each case for Fiscal Years 2016 through 2042. The IPI volumes shown in the Report of the Ports' Independent Consultant for [Fiscal Year] 2015 are based on preliminary information as of [September 2015] and are higher than [actual IPI volumes] [and] [the Authority's actual TEU throughput volumes] for [Fiscal Year] 2015 by approximately 9.0%.

The estimated future Use and Container Fee Charges shown in Tables 11A and 11B below are based on the Authority's actual TEU throughput volumes for Fiscal Year 2015 and the IPI cargo growth rates set forth in the Report of the Ports' Independent Consultant (with the growth rates for the low downside case adjusted as described above).

Tables 11A and 11B also reflect the following assumptions and adjustments: (i) Debt Service Reserve Account releases are made and transferred to pay debt service as Bonds mature; (ii) an annual increase of the Consumer Price Index of 1.75% applied to the User Fees and Container Charges and to Operating Expenses; (iii) in Table 11A, assumes that IPI cargo growth rates shown for the expected base case scenario in the Report of the Ports' Independent Consultant; (iv) for Table 11A, assumes (A) all outstanding Shortfall Advances are repaid by Fiscal Year 2025 and the Surcharge is included in Fiscal Years 2017 through 2024, but not included in Fiscal Year 2025, and (B) additional Shortfall Advances will be incurred beginning in Fiscal Year 2026 and the Surcharge is again included beginning in Fiscal Year 2026; (v) for Table 11B, (A) assumes that IPI cargo growth rates shown for the low downside case scenario in the Report of the Ports' Independent Consultant, adjusted to assume an annual growth rate of two percent through Fiscal Year 2019 and (B) Surcharge is included in each Fiscal Year; (vi) after the issuance of the Series 2016 Bonds, no other refunding Bonds are issued and no other tender/purchase programs are completed; (vii) excess Revenues are not utilized to redeem Bonds early after the Ports are repaid in full; and (viii) for purposes of estimating Shortfall Advances, assumes debt service payments are funded six months in advance of the applicable debt service payment dates.

**TABLE 11A
ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
FORECASTED DEBT SERVICE COVERAGE TABLE (EXPECTED BASE CASE)***

Fiscal Year Ending	Use Fees and Container Charges	Contingent Port Obligations	Total Dedicated Revenues	Senior Lien Bonds Debt Service	Debt Service Coverage for Senior Lien Bonds	First Subordinate Lien Bonds Debt Service	Debt Service Coverage for Senior Lien Bonds and First Subordinate Lien Bonds	Second Subordinate Lien Bonds Debt Service	Debt Service Coverage for All Bonds	Total Debt Service	Financing Fees	Projected Shortfall Advances	Operating Expenses	Deposit to Reserve Account	Voluntary Port Advances
2017	\$113,638,414	\$4,856,291	\$148,494,704	\$62,933,625	2.360x	\$11,621,904	1.992x	\$12,240,328	1.711x	\$86,795,857	\$344,871	-	\$4,708,164	\$754,130	-
2018	120,983,691	9,608,266	160,591,957	63,370,234	2.534x	4,043,316	2.382x	31,251,900	1.628x	98,665,449	355,217	-	4,790,557	767,328	-
2019	129,007,727	41,161,430	170,169,157	63,804,309	2.667x	7,481,494	2.387x	31,251,900	1.660x	102,537,703	365,873	-	4,874,391	780,756	-
2020	135,178,842	42,858,322	178,037,164	75,079,554	2.371x	437,500	2.358x	31,251,900	1.667x	106,768,954	376,849	-	4,959,693	794,419	-
2021	141,292,866	45,739,752	187,032,618	82,271,825	2.273x	437,500	2.261x	31,251,900	1.641x	113,961,225	388,155	-	5,046,488	808,322	-
2022	150,161,722	46,475,538	196,637,261	83,109,646	2.366x	1,427,500	2.326x	31,251,900	1.698x	115,789,046	399,799	-	5,134,801	822,467	-
2023	158,872,528	48,777,536	207,650,064	83,947,146	2.474x	6,333,000	2.300x	31,251,900	1.709x	121,532,046	411,793	-	5,224,660	836,860	-
2024	166,893,978	50,339,304	217,233,282	94,081,462	2.309x	90,750	2.307x	31,251,900	1.732x	125,424,112	424,147	-	5,316,092	851,505	-
2025	170,531,493	50,681,624	221,213,117	94,024,539	2.353x	990,750	2.328x	31,251,900	1.752x	126,267,189	436,872	-	5,409,124	-	-
2026	178,514,600	50,652,324	229,166,924	93,968,183	2.439x	960,750	2.414x	31,251,900	1.816x	126,180,833	449,978	49,919,561	5,503,783	-	5,503,783
2027	192,832,312	90,539,972	283,372,284	93,959,553	3.016x	100,675,000	1.456x	31,251,900	1.254x	225,886,453	463,477	35,590,002	5,600,099	-	5,600,099
2028	204,465,643	90,519,228	294,984,871	93,893,789	3.142x	100,675,000	1.516x	31,251,900	1.306x	225,820,689	477,382	24,101,957	5,698,101	-	5,698,101
2029	216,750,715	90,487,022	307,237,737	93,803,952	3.275x	100,670,000	1.580x	31,251,900	1.361x	225,725,852	491,703	11,894,447	5,797,818	-	5,797,818
2030	229,772,267	90,461,298	320,233,565	93,719,890	3.417x	100,675,000	1.647x	31,251,900	1.419x	225,646,790	506,454	4,258,849	5,899,280	-	5,899,280
2031	243,615,887	93,588,815	337,204,702	101,533,490	3.321x	100,665,000	1.668x	31,251,900	1.444x	233,450,390	521,648	-	6,002,517	-	-
2032	258,283,396	93,619,348	351,902,744	101,589,172	3.464x	100,670,000	1.740x	31,251,900	1.507x	233,511,072	537,297	-	6,107,561	-	-
2033	273,705,490	93,643,244	367,348,734	101,632,795	3.614x	100,670,000	1.816x	31,251,900	1.573x	233,554,695	553,416	-	6,214,444	-	-
2034	289,992,323	93,667,778	383,660,101	101,672,527	3.773x	100,675,000	1.896x	31,251,900	1.642x	233,599,427	570,018	-	6,323,196	-	-
2035	307,219,243	114,710,676	421,929,919	101,712,671	4.148x	-	4.148x	184,476,900	1.474x	286,189,571	587,119	-	6,433,852	-	-
2036	317,004,946	114,020,745	431,025,691	99,966,480	4.312x	-	4.312x	184,480,650	1.515x	284,447,130	604,733	-	6,546,445	-	-
2037	326,793,270	114,379,390	441,172,659	100,845,000	4.375x	-	4.375x	184,480,600	1.546x	285,325,600	622,875	-	6,661,007	-	-
2038	345,708,497	114,790,524	460,499,021	101,855,000	4.521x	-	4.521x	184,479,750	1.608x	286,334,750	641,561	-	6,777,575	-	-
2039	365,509,636	264,323	365,773,959	-	-	-	-	-	-	-	660,808	-	6,896,183	-	-
2040	386,248,391	272,253	386,520,644	-	-	-	-	-	-	-	680,632	-	7,016,866	-	-
2041	396,287,746	280,420	396,568,166	-	-	-	-	-	-	-	701,051	-	7,139,661	-	-
2042	396,287,746	288,833	396,576,579	-	-	-	-	-	-	-	722,082	-	7,264,605	-	-
Total(2)	\$6,215,553,369	\$1,646,684,257	\$7,862,237,626	\$1,982,774,842		\$839,199,464		\$1,281,440,528		\$4,103,414,833	\$13,295,809	\$125,764,816	\$153,346,965	\$6,415,788	28,499,082

* Preliminary, subject to change.

(1) [FOOTNOTES TO COME]

(2) Totals may not add up due to rounding.

[UPDATE]As shown in Table 11A, based upon the assumptions and adjustments described above, future debt service coverage on the Senior Lien Bonds would range from a low of approximately ___* times to a high of approximately ___* times; future debt service coverage on the Senior Lien Bonds and the First Subordinate Lien Bonds, including the Series 2016A Bonds, would range from a low of approximately ___* times to a high of approximately ___* times; and scheduled debt service coverage on Senior Lien Bonds, the First Subordinate Lien Bonds and the Second Subordinate Lien Bonds (the Series 2016B Bonds) would range from a low of approximately ___* times to a high of approximately ___* times.

* Preliminary, subject to change.

TABLE 11B
ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
FORECASTED DEBT SERVICE COVERAGE TABLE (LOW DOWNSIDE CASE AS ADJUSTED)*

Fiscal Year Ending	Use Fees and Container Charges	Contingent Port Obligations	Total Dedicated Revenues	Senior Lien Bonds Debt Service	Debt Service Coverage for Senior Lien Bonds	First Subordinate Lien Bonds Debt Service	Debt Service Coverage for Senior Lien Bonds and First Subordinate Lien Bonds	Second Subordinate Lien Bonds Debt Service	Debt Service Coverage for All Bonds	Total Debt Service	Financing Fees	Projected Shortfall Advances	Operating Expenses	Deposit to Reserve Account	Voluntary Port Advances
2017	106,174,014	34,856,291	141,030,305	62,933,625	2.241x	11,621,904	1.892x	12,240,328	1.625x	86,795,857	344,871	-	4,708,164	754,130	145,360
2018	114,224,613	39,608,266	153,832,880	63,370,234	2.428x	4,043,316	2.282x	31,251,900	1.559x	98,665,449	355,217	-	4,790,557	767,328	-
2019	123,174,204	41,161,430	164,335,634	63,804,309	2.576x	7,481,494	2.305x	31,251,900	1.603x	102,537,703	365,873	-	4,874,391	780,756	-
2020	129,195,872	42,858,322	172,054,193	75,079,554	2.292x	437,500	2.278x	31,251,900	1.611x	106,768,954	376,849	-	4,959,693	794,419	-
2021	133,860,281	45,739,752	179,600,032	82,271,825	2.183x	437,500	2.171x	31,251,900	1.576x	113,961,225	388,155	-	5,046,488	808,322	-
2022	140,293,418	46,475,538	186,768,957	83,109,646	2.247x	1,427,500	2.209x	31,251,900	1.613x	115,789,046	399,799	-	5,134,801	822,467	-
2023	145,841,197	48,777,536	194,618,732	83,947,146	2.318x	6,333,000	2.156x	31,251,900	1.601x	121,532,046	411,793	-	5,224,660	836,860	-
2024	147,208,692	50,339,304	197,547,995	94,081,462	2.100x	90,750	2.098x	31,251,900	1.575x	125,424,112	424,147	-	5,316,092	851,505	-
2025	147,333,822	50,681,624	198,015,446	94,024,539	2.106x	990,750	2.084x	31,251,900	1.568x	126,267,189	436,872	-	5,409,124	866,407	-
2026	149,638,913	50,652,324	200,291,237	93,968,183	2.131x	960,750	2.110x	31,251,900	1.587x	126,180,833	449,978	78,795,248	5,503,783	-	5,503,783
2027	154,220,526	90,539,972	244,760,498	93,959,553	2.605x	100,675,000	1.258x	31,251,900	1.084x	225,886,453	463,477	74,201,789	5,600,099	-	5,600,099
2028	161,737,836	90,519,228	252,257,065	93,893,789	2.687x	100,675,000	1.296x	31,251,900	1.117x	225,820,689	477,382	66,829,763	5,698,101	-	5,698,101
2029	169,597,610	90,487,022	260,084,632	93,803,952	2.773x	100,670,000	1.337x	31,251,900	1.152x	225,725,852	491,703	59,047,553	5,797,818	-	5,797,818
2030	177,796,855	90,461,298	268,258,153	93,719,890	2.862x	100,675,000	1.380x	31,251,900	1.189x	225,646,790	506,454	56,234,261	5,899,280	-	5,899,280
2031	186,387,507	93,588,815	279,976,322	101,533,490	2.757x	100,665,000	1.385x	31,251,900	1.199x	233,450,390	521,648	180,611	6,002,517	-	6,002,517
2032	195,434,197	93,619,348	289,053,544	101,589,172	2.845x	100,670,000	1.429x	31,251,900	1.238x	233,511,072	537,297	38,713,429	6,107,561	-	6,107,561
2033	204,864,805	93,643,244	298,508,050	101,632,795	2.937x	100,670,000	1.476x	31,251,900	1.278x	233,554,695	553,416	29,333,117	6,214,444	-	6,214,444
2034	214,701,071	93,667,778	308,368,850	101,672,527	3.033x	100,675,000	1.524x	31,251,900	1.320x	233,599,427	570,018	51,019,878	6,323,196	-	6,323,196
2035	224,963,577	114,710,676	339,674,254	101,712,671	3.340x	-	3.340x	184,476,900	1.187x	286,189,571	587,119	60,072,144	6,433,852	-	6,433,852
2036	235,608,988	114,020,745	349,629,733	99,966,480	3.497x	-	3.497x	184,480,650	1.229x	284,447,130	604,733	50,321,345	6,546,445	-	6,546,445
2037	246,653,713	114,379,390	361,033,103	100,845,000	3.580x	-	3.580x	184,480,600	1.265x	285,325,600	622,875	40,303,911	6,661,007	-	6,661,007
2038	258,078,994	114,790,524	372,869,519	101,855,000	3.661x	-	3.661x	184,479,750	1.302x	286,334,750	641,561	-	6,777,575	10,000,000	-
2039	269,840,841	264,323	270,105,164	-	-	-	-	-	-	-	660,808	-	6,896,183	3,849,035	-
2040	282,014,414	272,253	282,286,666	-	-	-	-	-	-	-	680,632	-	7,016,866	1,123,927	-
2041	288,235,662	280,420	288,516,082	-	-	-	-	-	-	-	701,051	-	7,139,661	1,143,596	-
2042	288,235,662	288,833	288,524,495	-	-	-	-	-	-	-	722,082	-	7,264,605	-	-
Total ⁽²⁾	4,895,317,283	1,646,684,257	6,542,001,540	1,982,774,842	-	839,199,464	-	1,281,440,528	-	-	13,295,809	605,053,048	153,346,965	23,398,753	72,933,464

* Preliminary, subject to change.

(1) [FOOTNOTES TO COME]

(2) Totals may not add up due to rounding.

[UPDATE]As shown in Table 11B, based upon the assumptions and adjustments described above, future debt service coverage on the Senior Lien Bonds would range from a low of approximately ___* times to a high of approximately ___* times; future debt service coverage on the Senior Lien Bonds and the First Subordinate Lien Bonds, including the Series 2016A Bonds, would range from a low of approximately ___* times to a high of approximately ___* times; and scheduled debt service coverage on Senior Lien Bonds, the First Subordinate Lien Bonds and the Second Subordinate Lien Bonds (the Series 2016B Bonds) would range from a low of approximately ___* times to a high of approximately ___* times.

Historical Debt Service Coverage

Table 12 shows for Fiscal Years ended June 30, 2006 through 2015 debt service coverage calculated using Use Fee and Container Charges, plus in Fiscal Years 2012 and 2013, the Shortfall Advances paid in October 2011 and 2012, and Debt Service for Fiscal Years 2006 through 2015. As noted in the notes to Table 12, the amounts shown as available for debt service and the debt service coverage calculations do not take into account amounts (a total of approximately \$69.0 million) transferred from investment earnings from post-maturity Debt Service Reserve Account releases and/or from unexpended Series 1999 Bond proceeds in September 2006 and 2008 through 2012. The calculations shown in Table 12 are not required by the Indenture and are shown for information only.

TABLE 12

**HISTORICAL AUTHORITY REVENUE DEBT SERVICE COVERAGE
AUTHORITY FISCAL YEARS 2006-2015**

Fiscal Year Ending June 30	Use Fees and Container Charges ⁽¹⁾	Senior Lien Bonds Debt Service ⁽³⁾	Debt Service Coverage for Senior Lien Bonds ⁽²⁾	First Subordinate Lien Bonds Debt Service ⁽⁴⁾	Debt Service Coverage for Senior Lien Bonds and First Subordinate Lien Bonds ⁽²⁾	Shortfall Advances	Additional Funds Used for Debt Service
2006	\$80,540,063	\$50,268,771	1.60	\$23,281,072	1.10	-	-
2007	95,220,756	50,989,071	1.87	28,047,735	1.20	-	\$13,112,196
2008	94,048,421	58,011,471	1.62	22,395,191	1.17	-	-
2009	85,349,060	58,287,840	1.46	26,908,538	1.00	-	2,000,000
2010	80,478,532	58,577,279	1.37	30,846,733	0.90	-	2,150,000
2011	93,188,481	58,848,536	1.58	35,813,315	0.98	-	11,150,000
2012 ⁽⁵⁾	97,283,963	58,524,916	1.66	42,659,825	0.96	\$5,900,000	1,200,000
2013	99,358,973	43,865,232	2.27	68,294,588	0.89	5,900,000	5,465,000
2014	108,998,890	42,106,771	2.59	57,543,575	1.09	-	15,000,000
2015	105,518,770	45,135,046	2.34	69,523,600	0.92	-	18,963,799

⁽¹⁾ Derived from the Authority's audited financial statements.

⁽²⁾ Does not include investment income and transfers of unexpended Series 1999 Bond proceeds and other funds applied to October 1 debt service payments.

⁽³⁾ Includes debt service on the Series 1999 Senior Lien Bonds, the Series 2012 Senior Lien Bonds and the Series 2013A Senior Lien Bonds.

⁽⁴⁾ Includes debt service on the 1999 Subordinate Lien Bonds and Series 2004 First Subordinate Lien Bonds.

⁽⁵⁾ The amount of Debt Service shown for Fiscal Year 2012 does not include debt service on the Series 2012 Senior Lien Bonds (issued on June 21, 2012). On July 24, 2012, \$83.71 million of Series 1999A Bonds were redeemed with proceeds of the Series 2012 Senior Lien Bonds and on October 1, 2011, \$24.295 million of Series 1999A Bonds were redeemed with unexpended proceeds of the Series 1999A Bond Construction Fund.

Source: The Authority.

* Preliminary, subject to change.

Table 13 shows for Fiscal Years ended June 30, 2006 through 2015 debt service coverage calculated as provided in the Indenture. Table 13 illustrates debt service coverage using Use Fees and Container Charges, plus Contingent Port Obligations (referred to in Table 12 as “Total Dedicated Revenues”). Contingent Port Obligations equals 40% of the Annual Amount (annual debt service, Required Debt Service Reserve Account deposits, if any, and Financing Fees such as trustee and rating agency costs and RAV verification and monitoring fees). Unlike Table 12, Table 13 does not include amounts transferred from investment earnings, Debt Service Reserve Account releases or unexpended Series 1999 Bond proceeds.

TABLE 13
HISTORICAL DEDICATED REVENUE DEBT SERVICE COVERAGE
FISCAL YEARS 2006-2015

Fiscal Year Ending June 30	Use Fees and Container Charges	Contingent Port Obligations ⁽¹⁾	Total Dedicated Revenues ⁽²⁾	Senior Lien Bonds Debt Service	Debt Service Coverage for Senior Lien Bonds ⁽²⁾	First Subordinate Lien Bonds Debt Service	Debt Service Coverage for Senior Lien Bonds and First Subordinate Lien Bonds
2006	\$80,540,063	\$29,419,937	\$109,960,000	\$50,268,771	2.19	\$23,281,072	1.50
2007	95,220,756	31,614,722	126,835,478	50,989,071	2.49	28,047,735	1.60
2008	94,048,421	32,162,665	126,211,086	58,011,471	2.18	22,395,191	1.57
2009	85,349,060	34,078,551	119,427,611	58,287,840	2.05	26,908,538	1.40
2010	80,478,532	35,769,605	116,248,137	58,577,279	1.98	30,846,733	1.30
2011	93,188,481	37,864,741	131,053,222	58,848,536	2.23	35,813,315	1.38
2012 ⁽³⁾	97,283,963	40,473,896	137,757,859	58,524,916	2.35	42,659,825	1.36
2013	99,358,973	44,863,928	144,222,901	43,865,232	3.29	68,294,588	1.29
2014	108,998,890	39,860,138	148,859,028	42,106,771	3.54	57,543,575	1.49
2015	105,518,770	45,863,458	151,382,228	45,135,046	3.35	69,523,600	1.32

⁽¹⁾ Contingent Port Obligations equals 40% of the Annual Amount, which includes but is not limited to, debt service on the Bonds and Financing Fees Relating to First Subordinate Lien Bonds. Contingent Port Obligations is the maximum amount the Ports may be obligated to pay to the Authority pursuant to the Operating Agreement.

⁽²⁾ Total Dedicated Revenues equals Use Fees and Container Charges plus Contingent Port Obligations but not investment income, transfers of unexpended Series 1999 Bond proceeds or Debt Service Reserve Account releases.

⁽³⁾ The amount of Debt Service shown for Fiscal Year 2012 does not include debt service on the Series 2012 Senior Lien Bonds (issued on June 21, 2012). On July 24, 2012, \$83.71 million of Series 1999A Bonds were redeemed with proceeds of the Series 2012 Senior Lien Bonds. On October 1, 2011, \$24.295 million of Series 1999A Bonds were redeemed with unexpended proceeds of the Series 1999A Bond Construction Fund.

Source: The Authority.

THE RAIL CORRIDOR AND RELATED PROJECTS

The Indenture defines the “Project” as the Rail Corridor and certain related improvements and permits the Authority to undertake from time to time additional extensions, enhancements, related improvements and replacements of the Project approved by the Authority, the Ports and the Railroads. The Rail Corridor became operational on April 15, 2002, and in May 2002 the Authority, the Ports and the Railroads authorized the expansion of the Project to include the development and construction of a number of additional, related improvements. As described below, some of these improvements have been completed or are underway; others have been postponed indefinitely or have been deleted from the scope of the Project.

The Rail Corridor

The Rail Corridor consists of a 20-mile long, multiple-track rail system that links the rail tracks at the Ports with the transcontinental rail routes near downtown Los Angeles, California and certain structures, roadways and other improvements. The Rail Corridor consolidated the freight rail traffic from 90 miles of pre-existing rail lines onto an integrated system separated from non-rail traffic.

The Rail Corridor consists of three segments. The North End Segment connects the Rail Corridor to the central rail yards near downtown Los Angeles. The North End Segment includes connections to pre-existing Railroad main rail lines near their respective downtown rail yards, grade separations of passenger rail lines that cross the Rail Corridor and roadway bridge structures. The North End Segment also includes the Los Angeles River Bridge.

The South End Segment connects the Rail Corridor to the Ports and extends from State Route 91 (the Artesia Freeway) in the City of Compton to the connections to the Ports. The South End Segment of the Rail Corridor was constructed at grade, with the roadways crossing on bridge structures. The South End Segment also includes a connection to the pre-existing Intermodal Container Transfer Facility (the "ICTF") just south of Interstate 405 and connections to the Ports at three locations: Terminal Island, POLB's facilities and POLA's West Basin area.

The Mid-Corridor Segment, the largest segment of the Rail Corridor extends approximately ten miles from Santa Fe Avenue in Los Angeles, south to State Route 91 (the Artesia Freeway) in the City of Compton. Originally, the Mid-Corridor segment was a double-track segment built in a trench, approximately 30 feet deep and 50 feet wide, parallel to Alameda Street. In December 2002, the Railroads completed construction of a third track in the trench, to be used and operated as part of the Mid-Corridor Segment. See "—The Use Permit and the Operating Agreement—Reserve Account." The trench was designed to allow freight trains to travel at a level completely separated from roadway traffic. In addition, 29 pre-existing cross streets pass over the trench on highway bridges, and two pre-existing rail branch lines cross the trench on rail bridges. The Mid-Corridor Segment also includes a rail line (the "By-pass Track") immediately east of the pre-existing tracks and the trench. The By-pass Track, which the Authority sold to Union Pacific in 2008, runs along approximately six miles of the trench right-of-way from Firestone Boulevard in Los Angeles south to State Route 91. The Authority does not receive any Revenues with respect to the use of the By-pass Track nor is it responsible for maintaining the By-pass Track.

[Brief mention of Corridor capacity and train lengths to come.]

Related Projects

In May 2002, the Authority, the Ports and the Railroads amended the definition of the "Project" pursuant to the Use and Operating Agreement to include ten additional projects for study or construction. The purpose of the additional projects was to enhance operation of the Corridor.

Two projects, the Intermodal Container Transfer Facility (ICTF) Tail Track and the West Alameda St. Storage Yard, were cancelled. Five projects, the Watson Lead Tracks, the ICTF Lead Tracks, the Thenard Connection, the Thenard Wye Tracks and Additional Port Control Points, were completed. The Pacific Coast Highway Project was completed in 2004, but project close-out awaits final property transfers, which are ongoing. The Cerritos Channel Rail Bridge Project was postponed indefinitely after the feasibility and seismic evaluation was completed and, if resumed, is to be taken over by the Ports. The SR-47 Project is comprised of two segments and initially involved feasibility studies, preliminary engineering and environmental document preparation only, all of which are complete. The construction of one of the two SR-47 Project segments is now underway and is being managed by the California Department of Transportation. The Authority's obligation is limited to providing environmental mitigation and third-party property acquisitions and utility coordination

work for the Schuyler Heim Bridge. Construction of the Schuyler Heim Bridge is scheduled for substantial completion in December 2017, with final completion and closeout scheduled for 2018. Construction of the second segment, a four-lane, elevated roadway connection to Alameda Street, was postponed indefinitely because of litigation and funding issues.

Union Pacific is proposing replacement of an existing track connection to its Dolores Yard at the south end of the Rail Corridor to improve access to and from the Rail Corridor. The project is scheduled to be built in 2017 at Union Pacific's expense.

Environmental Considerations

General. Design, construction and operation of the Project are subject to and influenced by or result in a number of environmental considerations, including the current litigation described below. See "THE PORT OF LOS ANGELES—Environmental and Regulatory Matters" in Appendix B and "THE PORT OF LONG BEACH—Environmental Compliance" in Appendix C.

Dominguez Channel Oil Release and Encroachment. On December 21, 2010, a crude oil release from a then-unknown origin was discovered in the Dominguez Channel and nearby storm water drainage system adjacent to the Rail Corridor. The U.S. Environmental Protection Agency (the "EPA"), the California Department of Fish & Game (the "DFG"), the U.S. Coast Guard and others were involved in the initial mitigation, investigation and immediate clean-up efforts and containment of the release.

On January 7, 2011, the EPA issued an order to the Ports and to the Authority to assume responsibility for these activities effective January 14, 2011. The EPA agreed to limit the Authority's and the Ports' roles to maintaining the containment systems and cleaning up the City of Los Angeles pump station and the sewer line leading to the pump station. The Authority and the Ports subsequently completed the work required by the EPA while the EPA and the DFG continued the source investigation.

On March 30, 2011, after identifying an oil pipeline owned and operated by Crimson Pipeline Management Company ("Crimson") as the source of the release, the EPA issued an order to Crimson for removal, mitigation or prevention of a substantial threat of oil discharge. The Authority has been notified that Crimson has taken over responsibility for the oil release containment facilities effective June 15, 2011, and has assumed financial and operational responsibilities from that date.

On April 27, 2012, Crimson filed a lawsuit against the City of Los Angeles, the City of Long Beach, the Authority and Herzog Contracting Corporation ("Herzog") alleging that, among other things, Herzog, while performing certain construction work in the late 1990s on behalf of the City of Los Angeles, damaged the casing in which the pipeline was installed at some unspecified time, and further alleging that water entered the damaged casing and eventually corroded the pipeline and further alleging that as a result, quantities of crude oil were released into a storm water drainage system leading to the Dominguez Channel. The complaint sought damages against the City of Los Angeles and Herzog, and a declaration of rights and liabilities of all the parties named in the complaint. The Authority, the City of Los Angeles and the City of Long Beach sought cost reimbursement from Crimson through counter-complaints in the litigation and sought also other funding sources available for such purpose, including the Oil Spill Liability Trust Fund (established under the Oil Pollution Act of 1990).

In May 2012, Crimson entered into a stipulated judgment with the City of Los Angeles in connection with alleged criminal violations regarding the oil spill and paid a \$1.75 million fine.

Between October 2013 and September 2015, the Authority and other named parties engaged in confidential mediation in regard to this matter and in September 2015, the Authority and the other parties executed a settlement agreement, which includes a payment from Crimson's insurance carrier. Subject to

completion of a settlement agreement with its insurance carrier, through its insurance coverage and the settlement, the Authority expects to have recovered most of its costs associated with the event and received funds and indemnity for future site investigation work, and the storm-water discharge is to continue to be contained, monitored and treated by Crimson at its expense for the foreseeable future until there are assurances that no further oil is present.

As of the date of this Official Statement, there has been no impact on Use Fees or Container Charges as a result of the release. See Note 6 and the Authority's "Management's Discussion and Analysis—Operating Expenses" in Appendix A.

The Use Permit and the Operating Agreement

In connection with the Project, the Ports and the Authority entered into a Use Permit (the "Use Permit") pursuant to which the Ports granted to the Authority use of the Property to develop, construct and operate the Rail Corridor. The term of the Use Permit commenced on December 15, 1998 and is scheduled to expire on the earliest of December 14, 2048 (50 years after the commencement date), the date the Operating Agreement is terminated (but only if payment of the Bonds has been made or provided for) or the date the Authority ceases to exist. As amended in 2006, the Joint Powers Agreement provides that its term will expire on the earlier of June 30, 2064 and June 30 of the second calendar year following the calendar year in which the Use Fees Termination Date occurs. See "THE AUTHORITY" and "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE PERMIT" in Appendix E.

The Operating Agreement, also entered into in 1998, governs the administration, operation and maintenance of the Rail Corridor and, as described above, the collection and application of Use Fees, Container Charges, M & O Charges and Shortfall Advances. The Operating Agreement also provides for access by the Railroads to the Rail Corridor and to certain Port-Owned Tracks; provides for the operation, repair and maintenance of the Rail Corridor; creates an Operating Committee; establishes M & O Charges; provides for the remedies available with respect to a default thereunder; and limits the rights of the parties thereto to assign the Operating Agreement. See "AUTHORITY REVENUES," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations" and "—Insurance Covenants" and "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT" in Appendix E.

Maintenance and Operation of the Rail Corridor

Operating Committee. Pursuant to the Operating Agreement, the Operating Committee oversees and administers operation of the Project and is required, among other things, to establish standards and procedures and to prepare and approve an annual budget for maintenance and capital expenditures on a calendar year basis. The Operating Agreement specifies that the Operating Committee is to be comprised of four members, one representative (and one alternate for each representative) from each Port and each Railroad. The Authority is not a member of the Operating Committee.

Unless otherwise specified in the Operating Agreement, any decision to be made by the Operating Committee requires the affirmative votes of a majority of the members of the Operating Committee, and if a majority of the members of the Operating Committee is unable to agree upon any decision or any action to be taken, then any member of the Operating Committee has the right to submit such matter to arbitration. See "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—The Operating Committee" in Appendix E.

Fair Political Practices Commission Advice Letter Request. On August 20, 2015, the City Attorney of the City of Long Beach, on behalf of POLB, requested written advice from the California Fair Political Practices Commission ("FPPC") as to whether the Operating Committee is a "local government agency" for purposes of the Political Reform Act (the "Advice Letter Request"). The Advice Letter Request sets forth

certain background facts regarding the creation and role of the Operating Committee under the Use and Operating Agreement.

The California Political Reform Act requires “public officials” (as defined in such Act) who make or participate in making governmental decisions to disclose economic interests which may be materially affected by those decisions. In particular, the Political Reform Act requires, among other things, that a “local government agency” (as defined in such Act) adopt a conflict-of-interest code and public officials who make or participate in making decisions on behalf of the local government agency to be subject to disqualification from decision-making based on such code. The Political Reform Act also requires that public officials file certain annual financial disclosures regarding their economic interests.

On August 25, 2015, the City Attorney of the City of Los Angeles, on behalf of POLA, also sent a letter to the FPPC agreeing with the background facts provided by POLB in the Advice Letter Request and requesting that advice also be given to POLA on the matter. On October 13, 2015, counsel to BNSF and UP submitted a similar request to the FPPC.

On March 23, 2016, the FPPC issued Advice Letter No. A-16-019 (the “Advice Letter”) finding that the Operating Committee is a “local government agency” under the Political Reform Act and, as such, is required to adopt a conflict-of-interest code for its members or be included within an existing conflict-of-interest code. The Ports [and Railroads] are currently evaluating the Advice Letter, including the impact, if any, that the application of the Political Reform Act would have on the current functions of the Operating Committee. [As of the date of this Official Statement, the Authority is unable predict what actions the Ports and/or the Railroads will take, if any, in response to such finding. However, any potential changes to the methods and practices of the Operating Committee, or to the process for overseeing and managing the operations of the Rail Corridor, are not expected to have an impact on the operations of the Rail Corridor or the obligations of the Railroads to pay Use Fees and Container Charges, nor on the Authority’s ability to repay its Bonds.]

M & O Charges. Subject to the limitations specified in the Operating Agreement, each Railroad is charged a Pro Rata Portion of certain maintenance and operation expenses (referred to in the Operating Agreement as “M & O Charges”) in connection with its use of the Rail Corridor and the Port-Owned Tracks. M & O Charges include, generally, the annual costs of operating, maintaining and repairing the designated portions of the Rail Corridor and certain Port-Owned Tracks and related facilities and equipment and property taxes and insurance premiums and deductibles, but do not include replacement costs (except to the extent that the Operating Committee determines that such costs are not properly included in Capital Expenses), costs to remediate hazardous material conditions and certain liability insurance premiums or deductibles. As described below, to the extent funds are available, non-rail maintenance costs (approximately \$1.9 million in fiscal year 2015) are paid from the reserve account funded by Use Fees and Charges and are not charged to the Railroads. **M & O Charges are not pledged to, and are not available for, payment of the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds.** “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT” in Appendix E.

In addition, the Operating Agreement provides that each Railroad is individually responsible, at its sole cost and expense, for maintaining, repairing and operating facilities, signals, structures and property that are exclusively used or operated by such Railroad or that exclusively benefit such Railroad. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Use Fees, Container Charges and M & O Charges” in Appendix E.

The Operating Agreement requires that the annual plan and budget prepared by the Operating Committee set forth the estimated M & O Charges for the coming calendar year. These budgeted M & O Charges are to be divided by the number of full or partial calendar months in such calendar year to obtain a monthly amount (the “Monthly Amount”). If the Operating Committee modifies the budgeted M & O Charges

during a year, the Monthly Amount is to be adjusted to reflect the revised budget, with any increase or decrease in the budget spread over the remainder of the year.

Each Railroad is required under the Operating Agreement to pay an amount equal to (i) the applicable Monthly Amount, multiplied by (ii) such Railroad's Pro Rata Portion during the immediately preceding calendar year. The Operating Agreement provides that any payment of M & O Charges not made when due shall bear interest at the Overdue Rate until paid.

In calendar years 2015 and 2014, the Monthly Amount was approximately \$311,000 and \$271,000, respectively. In addition, the Railroads paid approximately \$1.4 million and \$1.68 million in calendar years 2015 and 2014 for insurance premiums. The Operating Committee's annual plan and budget estimates M & O Charges of approximately \$3,907,000 for calendar year 2016, resulting in a Monthly Amount of \$326,000 in addition to insurance premiums.

Except as expressly provided in the Operating Agreement, neither the Authority nor either of the Ports is responsible for the payment of any M & O Charges. See "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Use Fees, Container Charges and M & O Charges" in Appendix E.

Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges. The Operating Agreement requires the Operating Committee's annual plan and budget for the Rail Corridor to contain a separate subplan and subbudget for, among other things, Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges.

"Capital Expenses" includes the costs and expenses incurred in making any capital improvements or betterments and, in certain cases, replacements to the Rail Corridor (other than certain "Non-Rail Components" as defined in the Operating Agreement, including the retaining walls, barrier walls, embankments, support structures of and for the trench portion of the Rail Corridor, and the structural portions of the bridges and overpasses over the trench portion of the Rail Corridor). "Non-Rail Maintenance and Capital Improvement Charges" includes, under certain circumstances, annual maintenance and capital improvements and replacements of the Non-Rail Components, together with capital replacement of any rail bridge over the Rail Corridor. Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges are to be paid from the Reserve Account described below, to the extent sufficient funds are available. For fiscal year ended June 30, 2015, Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges were budgeted at \$1.48 million, down 20% from fiscal year 2014. Capital costs of \$3.6 million (including \$1.0 million of capital costs was transferred from the operating budget) were budgeted for fiscal year ending June 30, 2016, and approximately \$4.5 million of additional capital costs are expected to be incurred in fiscal years 2014 and later.

Reserve Account. Pursuant to the Operating Agreement, the Authority established the Reserve Account to pay, as provided in the Operating Agreement, Capital Expenses, Non-Rail Maintenance and Capital Improvement Charges and, if approved by the Operating Committee, M & O Charges to the extent such charges have not been paid by the Railroads and sufficient funds are not otherwise available therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds," "AUTHORITY REVENUES" and "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Reserve Account" in Appendix E. **The Reserve Account is not pledged to, and is not available for, payment of the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds.**

Subject to the limits set forth in the Operating Agreement, the Reserve Account is funded over time from Use Fees and Container Charges remaining each year in accordance with the Flow of Funds until the Reserve Account reaches (or is restored to) the then-current target amount for the Reserve Account (the "Reserve Account Target"). The Reserve Account Target may be adjusted by the Operating Committee as set

forth in the Operating Agreement. Once the Reserve Account Target has been met, Use Fees and Container Charges are to be added to the Reserve Account only to the extent necessary to restore the balance therein to the then-current Reserve Account Target. As of December 31, 2015, the cash balance credited to the Reserve Account was approximately \$14.135 million and through 2017 the Reserve Account Target is \$15 million. For calendar year 2016, the Operating Committee has budgeted approximately \$1.07 million of capital expenses to be paid from the Reserve Account.

If funds in the Reserve Account are insufficient to cover Capital Expenses, Non-Rail Maintenance and Capital Improvement Charges and certain other types of expenses and charges described in the Operating Agreement, each Railroad is required to pay its Pro Rata Portion of such expenses and/or charges on a gross ton-mile basis. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Reserve Account” in Appendix E.

Initially, the Railroads had the right to elect to make capital improvements or betterments to the Rail Corridor that the Railroads deemed necessary or appropriate (“Additional Capital Improvements”), provided that the aggregate cost of such improvements did not exceed \$15 million to be paid from the Reserve Account. Pursuant to a Waiver and Release of Rights under Section 8.6 of the Use and Operating Agreement, dated as of May 22, 2002 (the “Waiver”), by and between the Railroads and the Authority, the Railroads withdrew approximately \$6 million from the Reserve Account (which amount was pre-funded by Port Advances) for the Railroads’ construction of the third track in the Mid-Corridor Segment. See “THE RAIL CORRIDOR AND RELATED PROJECTS—The Rail Corridor.” As a condition to the pre-funding of the Reserve Account, the Railroads agreed to waive their right to use any additional funds from the Reserve Account for Additional Capital Improvements.

Additional Agreements Relating to Maintenance and Operation of the Rail Corridor. Pursuant to the Operating Agreement, the Authority, at the direction of the Operating Committee, entered into the following agreements with the Railroads and with other third parties relating to the operation and maintenance of the Rail Corridor: (i) an Alameda Corridor Dispatching Agreement dated as of January 30, 2002 (the “Dispatching Agreement”), between the Authority and the Railroads; (ii) an Alameda Corridor Maintenance Agreement (Rail Corridor and Non-Rail Components), dated April 15, 2007 and amended in 2008 (the “Maintenance Agreement”) between the Authority and Balfour Beatty Rail Inc., now Balfour Beatty Infrastructure, Inc. (“Balfour”); and (iii) an Alameda Corridor Police and Security Services Agreement dated as of October 15, 2002 (the “Security Services Agreement”), between the Authority and the Railroads. Upon the expiration of such agreements, the Authority may, at the direction of the Operating Committee, enter into replacement agreements or extend the respective terms of the existing agreements in accordance with the Operating Agreement. Except as noted below, all costs and expenses incurred by the Authority pursuant to such agreements are treated as M & O Charges and are required to be paid by the Railroads as part of M & O Charges.

The Maintenance Agreement. Pursuant to the Maintenance Agreement, Balfour provides maintenance services for the Rail Corridor, the real property comprising the Rail Corridor, and for certain Non-Rail Components, including but not limited to (i) the walls, retaining walls, embankments, barrier walls, fence structures and fencing and support structures, drainage facilities (including two storm water pump stations) and emergency drop ladders and related equipment of and for the trench portion of the Rail Corridor, (ii) the structural portions of the Washington Avenue Grade Separation Bridge and the Henry Ford Avenue Grade Separation Bridge, and (iii) the Automatic Equipment Identification reader system equipment. On September 1 of each contract year, Balfour is required to submit to the Authority for approval a proposed maintenance plan and budget with respect to the Rail Corridor and the Non-Rail Components (as approved by the Authority, the “Approved Maintenance Plan”). Services provided by Balfour include, among other things, (i) preventative maintenance of the Rail Corridor and the Non-Rail Components, (ii) repair of damage to the Rail Corridor and the Non-Rail Components caused by vandalism and (iii) the planning, purchasing, storage, distribution and control of all materials required to perform the maintenance services, maintenance of inventories and emergency

response activities (the “Services”) set forth in the Maintenance Agreement. Balfour is required to perform all Services in accordance with the maintenance standards set forth in the Maintenance Agreement and is paid a maintenance fee as and when expenses are incurred in accordance with the Approved Maintenance Plan. Work not included in the Approved Maintenance Plan is required to be submitted as a Contract Task Order (a “CTO”) and is subject to approval by the Authority. The Authority’s maximum cumulative payment obligation under the Maintenance Agreement for each contract year is the amount stated in the then-effective Approved Maintenance Plan, as amended and supplemented by the total of all approved CTOs. Unless terminated earlier, the term of the Maintenance Agreement is scheduled to expire on April 14, 2017.

The Dispatching Agreement. The Operating Committee directed the Authority to contract with Union Pacific and BNSF as the Corridor Dispatcher for train and equipment movements along certain portions of the Rail Corridor. Among other duties, the Corridor Dispatcher is responsible for dispatching trains to and from the Rail Corridor in order of priority set forth in the Dispatching Agreement, scheduling closures of certain tracks for maintenance services, and diverting trains to other routes when there is a significant delay on the Rail Corridor. Under the Dispatching Agreement, the Corridor Dispatcher is required to provide the Operating Committee with a monthly report regarding any significant delays on the Rail Corridor during the prior month. The Dispatching Agreement also provides that, on or before August 1 of each year, the Corridor Dispatcher is required to submit to the Operating Committee for approval a budget specifying, among other items, (i) capital expenditures (which, as used in the Dispatching Agreement, has the meaning assigned to the term “Capital Expenses” in the Operating Agreement), if any, that the Corridor Dispatcher expects to be made in the next calendar year, and (ii) an estimated budget for performing the dispatching services. All costs and expenses of the Corridor Dispatcher are treated as M & O Charges and are to be paid by the Railroads as part of M & O Charges, except that expenses incurred to acquire, upgrade, or replace any dispatching equipment, if approved by the Operating Committee as a capital expenditure (which, as used in the Dispatching Agreement, has the meaning assigned to the term “Capital Expenses” in the Operating Agreement), are to be paid from the Reserve Account. The term of the Dispatching Agreement commenced on April 15, 2002 and a second extension, to April 14, 2017, has been approved by the Operating Committee and the Authority.

The Security Services Agreement. Pursuant to the Security Services Agreement, Union Pacific and BNSF (together, the “Corridor Security Provider”) provide police and security services for all aspects of the Rail Corridor, including rail operations, the physical facility and the equipment located therein (the “Secured Facilities”). The Corridor Security Provider conducts daily security patrols of the Secured Facilities. Among other duties, the Corridor Security Provider is responsible for investigating and documenting each incident. Under the Security Services Agreement, the Corridor Security Provider is required to submit a monthly written performance report to the Authority and the Operating Committee summarizing the activities of the Corridor Security Provider on the Secured Facilities during that month. Such performance report includes a summary of (i) all incidents handled by the Corridor Security Provider during the prior month and (ii) any new or on-going investigations and prosecutions with respect to prior incidents on the Secured Facilities. All costs and expenses of the Corridor Security Provider are treated as M & O Charges and are to be paid by the Railroads as part of M & O Charges, except that expenses incurred to acquire, upgrade, or replace any security services equipment, if approved by the Operating Committee as a capital expenditure (which, as used in the Security Services Agreement, has the meaning assigned to the term “Capital Expenses” in the Operating Agreement), are to be paid from the Reserve Account. The term of the Security Services Agreement commenced on September 15, 2002 and an extension of the term to April 14, 2017 has been approved by the Operating Committee and the Authority.

Rights-of-Way; Local Agencies

Rights-of-Way. Right-of-way acquisition for the Rail Corridor began in 1992, and much of the property required for the Project was obtained in 1994 and 1995 with the Ports’ purchase of existing rail rights-of-way from Union Pacific and BNSF and from the former Southern Pacific Transportation Company (“Southern Pacific”). These purchases included the rights-of-way along which most of the Rail Corridor runs

and represent more than 80% of all the rights-of-way necessary for the construction of the Rail Corridor. The Authority obtained the right to use and occupy this property for purposes of constructing, developing and operating the Rail Corridor under the terms of the Use Permit. See “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE PERMIT” in Appendix E.

The Authority acquired the remaining rights-of-way required for the Project (approximately 410 parcels) through negotiated purchases or eminent domain proceedings. These acquisitions ranged in size from several square feet to more than one acre and included temporary construction easements as well as full fee acquisitions. The Authority acquired these properties in its own name and anticipates that title will ultimately be conveyed to the Ports, subject to the Use Permit, or to other agencies. The process for making and/or assigning such conveyances has begun and is expected to take several years.

BONDHOLDERS’ RISKS

The Authority’s ability to pay the principal of, premium, if any, and interest on the Bonds, including the Series 2016 Bonds, depends upon the timely receipt by the Authority of sufficient Revenues. Particularly because debt service payable on the Bonds increases in future years, the Authority’s ability to make such payments, especially without requiring Shortfall Advances from the Ports, will depend upon cargo and Revenue growth. The obligations of the Railroads to pay increased Use Fees and Container Charges and the ability of the Ports to pay Shortfall Advances depend upon, among other factors, the volume of cargo handled at the Ports and the volume of cargo moved by rail without transloading. Growth in cargo volumes, in turn, depends in part upon a number of economic and other factors that are not within the Authority’s, the Railroads’ or the Ports’ control.

The following discussion of considerations is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2016 Bonds and does not necessarily reflect the relative importance of the various risks. Potential purchasers of the Series 2016 Bonds are advised to consider the following factors, among others, and to review all of the other information in this Official Statement in evaluating whether to purchase Series 2016 Bonds. Any one or more of the risks discussed, and others, could lead to a decrease in the market value and/or in the liquidity of the Series 2016 Bonds[, notwithstanding the Series 2016 Bond Insurer’s obligations to pay scheduled debt service when due]. No assurance can be given that other risk factors will not become material in the future.

Uncertainties of Projections and Assumptions

This Official Statement contains, and the Authority’s and Ports’ plans and budgets and the Ports’ Independent Consultant’s forecasts are based upon, certain assumptions, estimates, projections and other forward-looking statements. Demonstration of compliance by the Authority with certain of the covenants contained in the Indenture also may be based upon assumptions, estimates and projections. Actual results, however, may differ, perhaps materially, from those assumptions, estimates and projections. The cargo volumes forecast by the Ports’ Independent Consultant and projections that may be contained in any future certificate of the Authority or of a consultant, are not necessarily indicative of future performance. For example, none of the Ports, the Railroads or the Authority predicted the timing or the severity of the global financial and economic downturn in 2008 and 2009 or the severity of the impact thereof on international trade and consumer and governmental spending, and many did not anticipate the extent of the impact of the contraction of the economy in China. Although cargo volumes at the Ports have increased since 2009, such increases have been moderate and no assurances can be given that even moderate increases will continue. Similarly, transloading, including transloading of cargo that then moves inland by rail, also has increased since 2009, and no assurance can be given that such trend will not continue.

Similarly, no assurance can be given regarding the possible impacts on trade volumes through the Ports of various companies’ decisions to manufacture products in other parts of the world instead of in China, of the

recent contraction in China or the possible impacts of significant decreases in federal, State and other governmental spending. No assurances can be given that the impact of such changes will not have a material and adverse effect on trade, on the economic and financial factors that influence consumer and business consumption and trade and thus have a significant adverse impact on Port and Authority revenues.

In addition, certain assumptions with respect to future business and financing decisions, including the decision to undertake, or to postpone or cancel, future capital improvements of the Authority, the Railroads, the Ports or other entities may not occur and are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2016 Bonds are cautioned not to place undue reliance upon any forecasts, estimates, plans or projections or requirements for forecasts or projections. If actual results are less favorable than the results budgeted or forecast or if the assumptions used in preparing budgets or forecasts prove to be incorrect, the ability of the Authority to make timely payment of the principal of, premium, if any, and interest on the Bonds, including the Series 2016 Bonds, may be materially and adversely affected.

Collection of Use Fees and Container Charges

The ability of the Authority to collect sufficient Use Fees and Container Charges depends upon or may be affected by a number of factors, including growth or decrease in the volume of cargo through the Ports, growth or decrease in the volume of cargo moved by rail, changes in logistics methods and priorities, increased transloading activities, shifts in manufacturing locations, the efficiency and accuracy of the Authority's collection procedures, including the accuracy and completeness of the cargo movement information provided by the Railroads and other sources used in the Authority's RAVS system, the Authority's ability to monitor accurately the railcars and containers subject to the Use Fees and Container Charges and the ability and willingness of the Railroads to pay the Use Fees and Container Charges on the dates and in the amounts required. The Authority and the Railroads have had disputes in the past about fees due to the Authority, particularly in connection with transloading, a dispute that took years to resolve, and no assurance can be given that additional disputes will not occur in the future.

If the number of containers or railcars transported on the Rail Corridor, or loaded or unloaded at the Ports and transported by rail without transloading into or out of Southern California, is significantly below the numbers budgeted by the Authority, the amount of Use Fees and Container Charges actually collected by the Authority each year may be less than the amount required to pay the principal or accreted value of, and premium, if any, and interest on the Bonds (including the Series 2016 Bonds). As shown in Table 4, the amount of annual debt service the Authority will be required to pay on the Outstanding Bonds will increase and will require sufficient cargo volumes and/or increasing amounts of Shortfall Advances (but only up to 40% of the Annual Amount). Growth in cargo volume and revenues will be required for the Authority to be able to pay scheduled debt service on the Authority's Bonds, even with assistance from the Ports. See "AUTHORITY REVENUES—Debt Service Coverage." The Railroads are not obligated to increase their payments in the event cargo growth falls below the levels required to enable the Authority to pay debt service on the Bonds.

A Railroad may fail to pay Use Fees and Container Charges when and as due and payable. In such case, the Authority's rights against the Railroad may be limited. See "—Limitations on Enforceability" and "—Bankruptcy Risks" below and "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Defaults and Remedies" in Appendix E.

Shortfall Advances Are Limited, Subordinate Obligations of the Ports

The obligation of each Port to make Shortfall Advances is a limited, subordinate obligation of such Port. The Ports' obligations are several obligations (not joint and several), and neither Port is obligated to pay for the Shortfall Advances required of the other Port, even if the other Port fails to make its payment when due. Each Port's obligation to make Shortfall Advances is limited to 20% of the Annual Amount and is payable only to the

extent such Port has funds legally available for such purpose. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “AUTHORITY REVENUES—Shortfall Advances” above and “SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—USE AND OPERATING AGREEMENT—Shortfall Advances” in Appendix E. If Revenues (other than Shortfall Advances) received by the Authority are not sufficient to pay at least 60% of all amounts payable by the Authority on the Bonds, Revenues will still be insufficient, and the Authority may be unable, to make debt service payments on the Bonds, including the Series 2016 Bonds.

The Ports were required to make Shortfall Advances during the Authority’s 2012 and 2013 fiscal years to enable the Authority to make part of the October 1, 2011 and October 1, 2012 debt service payments, and additional Shortfall Advances could be required in the future. See “AUTHORITY REVENUES—Shortfall Advances.” As described in Appendix B and in Appendix C, respectively, as of December 31, 2015, POLA had approximately \$1.151 billion (including the ability to issue and have outstanding \$200 million of commercial paper notes) aggregate principal amount of POLA Parity Obligations outstanding and as of December 31, 2015, POLB had approximately \$1.113 billion (including the ability to have up to \$200 million of revolving obligations outstanding) aggregate principal amount of POLB Harbor Revenue Bonds outstanding. See “THE PORT OF LOS ANGELES—Outstanding Indebtedness” in Appendix B and “THE PORT OF LONG BEACH—Outstanding Indebtedness” in Appendix C. Each of the Ports may, and is likely to, incur substantial amounts of additional indebtedness in the future, and as with the current debt, such additional indebtedness would be payable from such Port’s revenues prior to the payment of any Shortfall Advances. Both Ports have encouraged the Authority to pursue a restructuring program to reduce the likelihood and amount of any future Shortfall Advances.

The Ports are required to include expected Shortfall Advances in their budgets (based upon information received from the Authority), but Shortfall Advances are subordinate to all of the Ports’ other obligations, including payments of operation and maintenance costs, debt service on Port obligations and major maintenance expenses, and neither Port is required to take Shortfall Advances into account when determining whether it may incur additional indebtedness or when calculating compliance with rate covenants under its outstanding bond indentures or resolutions. See “THE PORT OF LOS ANGELES—Source of Funds for Payment of Shortfall Advances” in Appendix B and “THE PORT OF LONG BEACH—Source of Funds for Payment of Shortfall Advances” in Appendix C. Neither the Authority nor any bondholder can require either Port to raise its rates, charges and fees to generate funds sufficient to pay Shortfall Advances.

Bonds Are Limited Obligations of the Authority; Limited Sources of Funds

The Series 2016 Bonds are special, limited obligations of the Authority and except as described herein are payable solely from and are secured solely by a lien on the Trust Estate. The Bonds, including the Series 2016 Bonds, are not obligations of the State of California or of any political subdivision of the State of California and are not obligations of any of the Cities, the Ports or the Railroads. The Project is not security for the Bonds, and the Bonds are not secured by a lien on any properties or improvements of the Authority, the Cities, the Ports or the Railroads or by a pledge of any revenues of the Cities, the Ports or the Railroads.

The Railroads and the Ports are obligated only to make certain payments required by the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations.”

The Authority has no significant assets other than the Project and may not be able to raise additional funds in the event there are insufficient moneys to operate the Project and to pay debt service on the Bonds. Other than in connection with a Surcharge, the Authority is not authorized under the Operating Agreement to increase Use Fees and Container Charges in the event Revenues are insufficient to pay debt service on the

Bonds. The Authority's ability to issue additional Bonds, including additional refunding Bonds, also is limited. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." In addition, the Authority's ability to find additional lenders or credit enhancement may be limited or even nonexistent.

Report of the Ports' Independent Consultant

The Report of the Ports' Independent Consultant contains certain assumptions and projections. Some or all of the assumptions used to develop the forecasts of cargo volumes, including IPI cargo volumes, and thus the basis of the estimated future Revenues, may not be realized, and unanticipated events and circumstances may occur. There may be differences between the forecasts and actual results, and those differences may be adverse and material. None of the Authority, the Ports, the Ports' Independent Consultant or any other person makes any representation or gives any assurance that the forecasts will reflect actual results.

The Ports provided the Report of the Ports' Independent Consultant to the Authority for use by the Authority in connection with developing its restructuring program and the preparation of this Official Statement. The Ports and the Authority note, however, that any forecast, including the Ports' Independent Consultant's forecasts of IPI volumes, is subject to uncertainties. The assumptions, forecasts and projections contained in the Report of the Ports' Independent Consultant are not necessarily indicative of future performance. Some or all of the assumptions used to develop the forecasts of cargo volumes, including IPI cargo volumes, and thus the basis of the estimated future Revenues, may not be realized, and unanticipated events and circumstances may occur. There may be differences between the forecasts and actual results, and those differences may be adverse and material. In addition, certain assumptions with respect to future business and financing decisions of the Ports and the Authority are subject to change. None of the Authority, the Ports, the Ports' Independent Consultant or any other person makes any representation or gives any assurance that the forecasts will reflect actual results. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2016 Bonds are cautioned not to place undue reliance upon the projections in the Report of the Ports' Independent Consultant or upon any other projects or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the Authority's ability to make timely payment of the principal of and interest on the Series 2016 Bonds may be materially and adversely affected.

The Ports' Independent Consultant's projections do not assume [_____], but do assume [_____]. No assurance can be given, however, that the Ports' Independent Consultant's projections will materialize.

In addition, demonstration of compliance with certain of the covenants contained in the Indenture may also be based upon assumptions and projections. The assumptions and projections contained in any future certificate of the Authority or of a consultant required under the Indenture are not necessarily indicative of future performance.

Uncertainties of Cargo Volumes

The Authority's ability to derive Use Fees and Container Charges from its operation of the Project depends in part upon cargo utilization of Port facilities, which in turn depends upon the financial health of the shipping industry, including the financial condition of carriers and their customers and of Port tenants and service providers. The shipping industry was undergoing significant changes even before the most recent economic downturn that occurred in 2008 and 2009, including a number of mergers and acquisitions and service alliances among ocean carriers, consolidation of operations among companies and mergers of companies and the shift of a number of logistical responsibilities and costs from ocean carriers to their shipping customers or to independent logistics providers. Investments in much larger ships and increased fuel costs (and related slow-

steaming) have had a profound impact on ocean carrier alliances, logistics (including choices of shipping points for discretionary cargo) and pricing.

The Southern California area is the largest primary market in the United States, and a significant amount of cargo handled through the Ports originates or remains in Southern California and is moved by truck, not by rail. Cargo intended to meet demand in the Southern California region (often referred to as “non-discretionary cargo”) depends especially on local and regional economic and demographic conditions.

Shippers or carriers of non-discretionary cargo destined for Southern California also may decide that cargo destined for the Midwest and for other parts of the country (referred to as “discretionary cargo”) also be unloaded at the Ports and then moved East, predominantly by rail. Waterborne containers that originate or terminate at the Ports to or from Asia represent most of the Revenues collected by the Authority. Although the Ports have a larger share of non-discretionary trade than other West Coast ports, a still-significant number of containers unloaded at the Ports may be discretionary and could be transported via routes that do not go through the Ports at all and an increasing number of containers that do go through the Ports are transloaded and then carried by rail to southeastern destinations without using the Rail Corridor. A significant reduction in the Ports’ share of such discretionary trade would be noticeable and would have an adverse impact on Authority Revenues.

A Port’s share of discretionary trade is a function of a variety of factors, including competition from other ports and from all-water services (services between Asia and the U.S. East and Gulf Coasts via the Suez Canal and especially the Panama Canal). The volume of international cargo that is currently shipped through the Ports could decrease in the future in the event of, among other things, increased competition from ports in Canada (including, in particular, the Port Metro Vancouver and the Prince Rupert Port Authority in British Columbia) and/or from ports in Mexico (including the Mexican Ports of Punta Colonet, Ensenada, Mazatlan and Manzanillo) because of faster transit times, increased efficiencies and increased capacity to handle larger ships, lower labor and other costs and lower fees and taxes; increased competition from other ports in Northern California (especially the Port of Oakland) or in the Pacific Northwest (the Ports of Tacoma and Seattle, which recently combined their cargo operations to form The Northwest Seaport Alliance, and The Port of Portland); increased competition from all-water services from Asia directly to the East Coast and/or Gulf Coast, particularly after 2016, when the expansion of the Panama Canal is scheduled to be completed, or if manufacturing more significantly shifts from China to Southeast Asia and use of the Suez Canal becomes more economical than going to the West Coast ports. Although intermodal transit times to and from the Ports from Asia and to the East and Midwest can be faster than other routes, some observers forecast that half of containerized cargo shipments may be shipped through East Coast ports within the next five years; and even with expedited growth in cargo volumes and capacity there can be no assurance that the Ports’ current shares of cargo volumes will be maintained or that expected increases in cargo volumes will occur. Among the other factors that may influence shipper and carrier decisions, and thus cargo volumes, significantly are fuel costs, transit times, costs of complying with additional environmental laws and other regulatory requirements (including regulatory and/or market responses to climate change and global warming and clean-truck costs passed down to shippers), labor disagreements (including slowdowns, strikes and lockouts, such as the disruption on the West Coast at the end of 2014 and first five months of 2015), truck and chassis shortages, increased taxes or fees for use of Port facilities, increases in labor costs and severe weather and other casualty events, such as earthquakes.

Consolidation of the Containerized Cargo Industry

During the past 10 years, the containerized cargo industry has been under pressure resulting from a number of factors, including in addition to the world-wide recession of 2008 and 2009, over-capacity of available ships and the costs of acquiring larger ships, decreasing freight rates and volatile fuel costs. In response to these challenges, among others, shipping lines formed strategic alliances and in many cases have merged. In 2014, for example, six shipping companies formed the “G6 Alliance,” which has received regulatory approval to cooperate internationally in carrying shipments between the Asia and the U.S. West Coast and

between Northern Europe and all U.S. ports, and in the same year Hapag-Lloyd, a member of the G6 Alliance, merged with Compañía Sud Americana de Vapores to form the fourth largest containerized cargo shipping line. Later in 2014, Maersk and Mediterranean Shipping Company formed the 2M Alliance; CMA-CGM, China Shipping Container Lines and United Arab Shipping Co. formed the O3 Alliance; and COSCO, K Line, Yang Ming and Hanjin Shipping received regulatory approval to include Evergreen Line into its vessel-sharing agreement in trans-Pacific and Atlantic routes. COSCO and China Shipping officially merged their fleets in February 2016 and currently are in talks with Evergreen Line and with OOCL to form a new alliance or to become part of the O3 Alliance, reducing the size of the G-06 Alliance. Many of the companies within these alliances operate at one or both of the Ports, and additional consolidation of alliances and/or of shipping lines could occur. Neither the Ports nor the Authority can predict all of the consequences of such realignments and consolidations or how long they will persist. Confusion and inefficiencies, especially in the beginning, have been noted by terminal operators as well as shippers.

Uncertainties of the Railroad Industry

As with the shipping industry, the railroad industry has undergone significant strain and consolidation in recent years and, in general, is constantly changing. Both Railroads may be adversely affected, directly and indirectly, by the effects of adverse domestic and global economic conditions and/or volatility or disruptions in the financial and credit markets. Both Railroads have large route structures and face operational difficulties from time to time, particularly in years following mergers with other rail lines and when labor contracts are nearing expiration, and both may undergo other corporate changes that could adversely affect their operations. Both Railroads also face competition from other railroads, motor carriers, ships, barges and pipelines, not only in connection with pricing but also with respect to transit times and quality and reliability of service. Difficulties in moving freight by rail in Southern California have in the past, including in 2003 and 2004, for example, and congestion in Chicago and other inland regions have prompted shippers to divert cargo from the Ports to other ports on the West Coast or to use all-water services to the East Coast. No assurance can be given that congestion or other difficulties will not occur or recur or continue for an extended period of time in the future. Moreover, the Railroads may alter their routes or change (or their customers may change) their businesses and not maintain their current levels of use of the Ports or the Rail Corridor or not use the Ports or the Rail Corridor as frequently as expected. There can be no assurance that the Railroads will continue to use the Rail Corridor or that the Railroads will be able to continue to pay M & O Charges, Use Fees and Container Charges when due even if they do continue to operate at the Ports and to utilize the Rail Corridor.

Operating Risks and Capacity Constraints

Continual and efficient operation of the Rail Corridor may be affected by a number of other events. For example, a derailment of one or more trains could block one or all tracks of the Rail Corridor and divert the movement of cargo, potentially reducing the amount of Use Fees that are payable by the Railroads. In addition, at certain times of the year, the Railroads may encounter shortages of available train crews or equipment to move all possible cargo to and from the Ports. Such shortages have occurred, and no assurances can be given that shortages, which can be severe, will not occur in the future. General repair and replacement of equipment and the availability of parts and funds to make such repairs or to replace such equipment also may affect operation of the Rail Corridor.

The capacity of the Rail Corridor and supporting infrastructure could have an additional, significant impact on operation of the Rail Corridor and on the collection of Use Fees. Original projections that the Rail Corridor capacity would be sufficient were based upon certain assumptions regarding the average train size, through-train distribution by the Railroads and estimated departure and arrival times at the various terminals located within the Ports. There can be no assurance that the estimated through-train distribution or the estimated departure and arrival times always will be achieved. The Authority also assumed a nominal amount of time per day for maintenance of the tracks and track-support structures. No assurance can be given that more time will not be needed to keep the Rail Corridor in good repair or that this maintenance period will continue to be

available on a regular basis. In addition, certain assumptions with respect to future business and financing decisions, including the decision by the Authority, the Railroads, the Ports or other entities to undertake future capital improvements or replacements, may not occur or may be changed. A number of significant improvements have been postponed indefinitely because of lack of funding, and no assurances can be given that the Authority, the Ports and/or the Railroads will be able or willing to effect changes required to expand capacity or efficiency, to reduce congestion, to meet environmental, safety or other legal or political requirements or to accommodate other changes or demands.

Other operating risks include risks to or failures of train-control technology, including disruptions to the Railroads' technology networks (including computer systems, communications equipment and software), because of cyber-security intrusions, corruption of data or operating disruptions or because of natural events such as severe weather, fires, floods or earthquakes or human error.

Labor Unrest

Employees of tenants and contractors that serve at or work for the Ports or the Railroads may have work-related disputes with their employers, and many of such employees belong to unions or to other labor-related organizations. A strike, slow-down or lock-out at one facility can directly or indirectly affect operations at an entire facility or at many facilities at once. A dispute between one tenant and the employees of one union may spread to include workers at some or all facilities at both Ports. During the Fall of 2012, for example, various labor-related events caused shutdowns at each of the major ports on the U.S. West Coast. At the Ports, a strike by members of the Office Clerical Unit ("Unit 63") of the International Longshore and Warehouse Union (the "ILWU") Local 63, was honored by ILWU dock workers and closed each terminal that used Unit 63 workers (seven of eight terminals at POLA and three of six terminals at POLB) for eight days in December 2012, until Unit 63 and the Los Angeles and Long Beach Harbor Employers Association agreed to new contract terms and the terminals reopened. During the strike, 20 ships were diverted to the Port of Oakland or to ports in Mexico and Panama. The Authority estimates that normally it might have collected approximately \$2.6 million during that eight-day period and expects that although most of that amount likely will be collected in December, revenue related to the diverted cargo probably will not be collected. Prior to this work stoppage, there had been no prolonged work stoppage at the Ports since October 2002.

Stevedoring and cargo handling at the Ports are provided pursuant to a contract between the Association and the ILWU. In October 2002, after the Association and the ILWU failed to agree upon a new contract, the shipping lines and terminal operators instituted a lock-out of the stevedoring companies, thereby shutting down all Pacific West Coast ports, including all terminals at the Ports, for 10 days. Work resumed when President Bush 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. The current contract between the Association and ILWU expires on June 30, 2019. Although the prior contract expired June 30, 2014, the current contract between the Association and the ILWU was not entered into until May 21, 2015 and was not ratified by the ILWU members until May 22, 2015, retroactive to July 1, 2014. The protracted negotiations and resulting disruptions had a compounding effect on congestion issues that had slowed container cargo movement through the Ports generally between April 2014 and June 2015, and container volumes and revenues at both Ports were temporarily impacted.

No assurance can be given that prolonged disruptions, work slowdowns or stoppages at the Ports will not occur in the future and result in cargo diversions. Significant work stoppages and cargo diversions could adversely affect the Ports' revenues and the Ports' ability to pay any Shortfall Advances and the Authority's traffic and revenues and, thus, the Authority's ability to pay principal or accreted value of and interest on the Bonds, including the Series 2016 Bonds.

Limitations on Enforceability

The rights of the owners of the Bonds, including the Series 2016 Bonds, and the enforceability of the Authority's obligation to make payments on the Bonds may be subject to bankruptcy, insolvency, arrangement, fraudulent conveyances or transfer, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future, and under certain circumstances also may be subject to the exercise of judicial discretion and to limitation on legal remedies against public entities in the State of California. The opinion of Bond Counsel as to the enforceability of the Authority's obligations to make payment on the Bonds will be qualified as to bankruptcy and such other legal events. See "LEGAL MATTERS" below and the proposed form of Bond Counsel opinion in Appendix G. The enforceability of the Authority's rights under the Operating Agreement and under the other agreements discussed in this Official Statement also may be severely limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and in the case of Port obligations, including the Ports' obligations to pay Shortfall Advances, may also be subject to the exercise of judicial discretion under certain circumstances and to limitations on legal remedies against public entities in the State of California.

Bankruptcy and Insolvency Risks

The Ports and the Cities. Under existing law, it is unlikely that either Port is eligible to file for bankruptcy by itself. Each of the Cities, however, is eligible to file for bankruptcy under certain circumstances. Should either City file for bankruptcy, there could be adverse effects on the holders of the Series 2016 Bonds. These adverse effects could include, but may not be limited to, one or more of the following. The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court were obtained) any action to collect any Shortfall Advances or any other amounts owing by such City or its Port and any action to enforce any obligation of such City or its Port under the Operating Agreement, the Use Permit, or any other agreement to which the City or its Port is a party. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2016 Bonds from funds in the Trustee's possession. The City also may be able to reject the Operating Agreement, the Use Permit, or any other agreement to which such City or its Port is a party and such a rejection could deprive the Authority and the Railroads of their rights to use the Rail Corridor, could excuse the Railroads from making any further payments under the Operating Agreement and could excuse such City from any further obligations under the agreement that has been rejected.

Payments previously made to the holders of the Series 2016 Bonds also could be avoided as preferential payments, and the holders of the Series 2016 Bonds could be required to return such payments to the bankrupt City. In addition, the provisions of the transaction documents that require the Railroads to make payments under the Operating Agreement directly to the Trustee, rather than to the City or the Authority, may no longer be enforceable, and payments by the Railroads may be required to be made to the City. Such City also may be able, with the approval of the bankruptcy court, but without the consent and over the objection of the Authority and the holders of the Series 2016 Bonds, to alter the terms of its obligations to pay Shortfall Advances or any other amounts payable by such City or its Port, or to assign to another entity the City's (and the Port's) rights and obligations under the Use Permit, the Operating Agreement or any other agreement to which the City or its Port is a party. The occurrence of any of these, as well as the occurrence of other possible effects of a bankruptcy of a City, could result in significant delays or in reductions in payments on the Series 2016 Bonds or result in other significant losses to the holders of the Series 2016 Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2016 Bonds, notwithstanding the Series 2016 Bond Insurer's obligation to continue to pay scheduled debt service on the Insured Series 2016 Bonds when due.

The Authority. The Authority is authorized under California state law to file for bankruptcy under certain circumstances. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2016 Bonds. If the Use Fees and Container Charges are "special revenues" under the Bankruptcy

Code, then Use Fees and Container Charges collected after the date of the bankruptcy filing should continue to be subject to the lien of the Indenture. “Special revenues” are defined to include receipts derived from the ownership or operation of projects or systems that are primarily used to provide transportation services. Although the Use Fees and Container Charges may satisfy this definition and thus may be “special revenues,” no assurance can be given that a court would not hold that the Use Fees and Container Charges are not special revenues or are not subject to the lien of the Indenture.

A court could, however, conclude that the Shortfall Advances, Use Fees or Container Charges are not “special revenues.” If a court reached that conclusion, any Shortfall Advances, Use Fees or Container Charges, as applicable, collected after the commencement of the bankruptcy case likely would not be subject to the lien of the Indenture. The holders of the Series 2016 Bonds may not be able to assert a claim against any property of the Authority other than the Shortfall Advances, the Use Fees and the Container Charges, and if those amounts were no longer subject to the lien of the Indenture, then there may be no amounts from which the holders of the Series 2016 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, the Authority may be able to use Use Fees and Container Charges to pay necessary operating expenses of the Rail Corridor before the remaining Use Fees and Container Charges are turned over to the Trustee to pay amounts owed to the holders of the Series 2016 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Authority is in bankruptcy, the parties (including the holders of the Series 2016 Bonds) may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2016 Bonds from funds in the Trustee’s possession. The Authority may be able to require that all Use Fees and Container Charges be paid directly to it, notwithstanding the provisions of the transaction documents that require the Use Fees and the Container Charges to be paid directly to the Trustee.

The Authority also may be able to reject the Operating Agreement, the Use Permit, or any other agreement to which the Authority is a party; such a rejection could deprive the Railroads of their rights to use the Rail Corridor, could excuse the Railroads from making any further payments under the Operating Agreement and could excuse the Authority from any further obligations under the agreement that has been rejected.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Use Fees and the Container Charges), which lien could have priority over the lien of the Indenture, so long as the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2016 Bonds will be “adequately protected.” A court’s determination of what is adequate protection may be different than what bondholders would consider to be adequate protection. The Authority also may be able, without the consent and over the objection of the Trustee and the holders of the Series 2016 Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants) and other terms or provisions of the Indenture and the Series 2016 Bonds, so long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2016 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Authority that could result in delays or reductions in payments on the Series 2016 Bonds, or result in losses to the holders of the Series 2016 Bonds. Regardless of any specific adverse determinations in an Authority bankruptcy proceeding, the fact of an Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2016

Bonds, notwithstanding the Series 2016 Bond Insurer's obligation to continue to pay scheduled debt service on the Insured Series 2016 Bonds when due.

The Railroads. Each of the Railroads is eligible to file for bankruptcy or to have an involuntary bankruptcy case commenced against it. Should a Railroad become the subject of a bankruptcy case, there could also be adverse effects on the holders of the Series 2016 Bonds. These adverse effects could include, but not be limited to, one or more of the following. The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court were obtained) any action to collect any Use Fees, Container Charges, M & O Charges or any other amounts owed by the Railroad and any action to enforce any obligation of the debtor Railroad under the Operating Agreement or any other agreement to which the Railroad is a party. These restrictions also may prevent the Trustee from making payments to the holders of the Series 2016 Bonds from funds in the Trustee's possession. The Railroad may be able to reject the Operating Agreement or any other agreement to which it is a party; such a rejection could excuse the Railroad from any further obligations under the agreement that has been rejected and could excuse the other parties to such agreement from any further obligations. Payments previously made to the holders of the Series 2016 Bonds may be avoidable as preferential payments, so that the holders would be required to return such payments to the Railroad or to a trustee in bankruptcy. The Railroad may be able, with the approval of the bankruptcy court, but without the consent and over the objections of the Authority, the Cities, the Ports and the holders of the Series 2016 Bonds, to alter the terms of its obligations to pay Use Fees, Container Charges or any other amounts payable by the Railroad and/or to assign its rights and obligations under the Operating Agreement, or any other agreement to which the Railroad is a party, to another entity. The occurrence of any of these, as well as the occurrence of other possible effects of a bankruptcy of a Railroad, could result in significant delays and/or in reductions in payments on the Series 2016 Bonds or other losses to the holders of the Series 2016 Bonds. Regardless of any specific adverse determinations in a Railroad bankruptcy proceeding, the fact of a Railroad bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2016 Bonds notwithstanding the Series 2016 Bond Insurer's obligation to continue to pay scheduled debt service on the Insured Series 2016 Bonds when due.

[Series 2016 Bond Insurer and Other] [Bond] Insurers. [The Series 2016 Bond Insurer is regulated by the New York Department of Financial Services. The rights of creditors of insolvent financial guaranty insurers are governed by the insolvency laws of the states in which insurers are formed (in the case of the Series 2016 Bond Insurer, the State of New York), and not by the Bankruptcy Code. The New York Superintendent of Financial Services has the power to order a financial guaranty insurance company to stop paying claims, or to pay claims only with the permission of the Superintendent, even before the insurance company becomes the subject of a formal insolvency proceeding. Should the Series 2016 Bond Insurer become the subject of an insolvency proceeding under New York insurance law, it may be able to retain its rights to control remedies under the transaction documents and direct the Trustee and its rights to consent to amendments of the transaction documents, even if it is insolvent or not paying claims as required by the Series 2016 Bond Insurance Policy. If the Series 2016 Bond Insurer is in an insolvency proceeding, it may be able to require the Authority to reimburse the Series 2016 Bond Insurer before paying amounts due on the Series 2016 Bonds, regardless of what the transaction documents provide. If any of these circumstances occur at a time when the Authority is not making, or is unable to make, payments on the Series 2016 Bonds, there may be delays or reductions in payments on the Series 2016 Bonds. There may be other adverse effects of an insolvency of the Series 2016 Bond Insurer. Regardless of any specific adverse determinations in an insolvency of the Series 2016 Bond Insurer, the fact of an insolvency of the Series 2016 Bond Insurer could have an adverse effect on the liquidity and value of the Series 2016 Bonds.]

Similar risks exist with respect to any debt service reserve surety policy that may be obtained by the Authority and with respect to other insurers, such as property and casualty insurers. See “—Limited or No Insurance.”

Seismic Risks, Climate Risk and Other Events of Force Majeure; Limited or No Insurance Coverage

Seismic Risks. The Ports and the Rail Corridor are located within a seismically active area, and damage from an earthquake and/or from a tsunami could range from total destruction of the Rail Corridor and/or of Port facilities, to destabilization or liquefaction of the soils underneath such facilities, to little or no damage at all. The Authority is responsible for earthquake repairs to the Rail Corridor. Six earthquakes, with magnitudes on the Richter scale ranging from 5.9 to 7.3 and within approximately 25 to 27 miles of the Rail Corridor, have occurred within the last 80 years. A number of “active faults” are located within approximately six or seven miles of the Rail Corridor, and three known “potentially active faults” are located within 2.3 miles of the Rail Corridor.

In August 2008, the 2007 Working Group on California Earthquake Probabilities (“WGCEP 2007”), a multi-disciplinary collaboration of scientists and engineers organized by the Southern California Earthquake Center, the U.S. Geological Survey and the California Geological Survey, with major support from the California Earthquake Authority, released the Uniform California Earthquake Rupture Forecast (“UCERF”). The UCERF study – represented as being the first comprehensive framework for comparing earthquake likelihoods throughout all of California – determined that California has a 99.7% chance of having a magnitude 6.7 or larger earthquake during the next 30 years and that the likelihood of an even more powerful earthquake of magnitude 7.5 or greater in the next 30 years is 46%. The UCERF study determined that such a quake is more likely to occur in the southern half of the State (37% chance in 30 years) than in the northern half (15% chance in 30 years). No assurance can be given that the predictions in the UCERF study will prove to be accurate.

The Ports’, the Railroads’ and the Authority’s facilities could sustain extensive damage in a major seismic event from ground motion and liquefaction of underlying soils, which damage could include slope failures along the shoreline, pavement and rail 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, and such damage could materially and adversely affect the condition of the Rail Corridor, Port and Railroad facilities and Revenues. The Ports have advised that, to date, none of their facilities has been damaged in an earthquake or tsunami, but no assurances can be given that Port facilities (or Railroad or Authority facilities) always will be able to withstand the effects of earthquakes or tsunamis. Although the Authority currently carries limited earthquake insurance, neither of the Ports carries earthquake insurance of any kind, although one or both may from time to time set aside some funds for emergencies. The extent of damage and the long-term effects from an earthquake or tsunami, particularly ongoing earthquake activity, may be difficult to determine immediately.

Climate Risk. 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 Ports. 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 Authority is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2016 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Other Events of Force Majeure. Operation of the Rail Corridor also is at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, strikes and lockouts, terrorist attacks, sabotage, wars, blockades, riots and spills of hazardous substances, among other events. A significant

act of terrorism on United States soil or against United States interests, for example, or at any port or other major facility anywhere in the world, could have an adverse impact on international trade and on the Authority's ability to pay debt service on the Series 2016 Bonds and, among other things, could increase the Authority's cost of operations significantly, decrease Revenues or both. Operations also may be stopped or delayed from non-casualty events such as the implementation of new or increased security, safety or environmental measures or other changes in law or regulations, revocation or revision of permits and litigation, among other things. No assurance can be given that such events would be covered by insurance.

Limited or No Insurance. Although the Authority is required to provide insurance, the required insurance policies do not cover damage and delay from all events that could interrupt operation of the Rail Corridor. In particular, either losses resulting from earthquakes, tsunamis, floods or acts of terrorism or from strikes, riot, civil commotion, unforeseen environmental conditions, change of law, bankruptcy and insurer insolvency are not covered by insurance or any insurance that is available may not be in amounts that would be sufficient or be paid in sufficient time in all events (or at all) to pay all of the Authority's expenses, including debt service on the Bonds. In addition, the availability of insurance coverage could vary from time to time, and there can be no assurance that the Authority will be able to obtain or to renew insurance policies in a timely manner or that the provider of any such insurance coverage always will be willing or able to honor its policies. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance Covenants."

No assurances can be given that the Authority will be able to repair any damage or will be able to resume operation of the Rail Corridor or that the Ports and Railroads would be able to repair damage to their facilities and resume operations following a significant event of force majeure.

Community, Political and Regulatory Risks

Continued operation of the Project could have considerable local business and community impacts, including noise, vibrations and traffic congestion that over time and as development of surrounding areas increases could trigger protests and objections from nearby communities. Particularly if local structures, waters or grounds near the Project are damaged or polluted whether from operation of the Rail Corridor or because of some other, unrelated cause, such protests and objections could lead to increased regulation and/or to the need for increased capital or operating expenditures, and no assurances can be given that operation of the Rail Corridor will not be severely limited as a result.

The Authority, the Railroads, each of the Ports and each of their permittees and customers are subject to environmental, safety, security, permit and other federal and State regulatory requirements and inspections that can result in delays and in increased costs. The Rail Corridor, for example, is subject to frequent inspections by the FRA and by the California Public Utilities Commission. No assurances can be given that such inspections will not cause or lead to interference in operations or to additional conditions to the continuation of operations.

No Acceleration of the Series 2016 Bonds

The Indenture contains no provisions for acceleration of the maturity of the Bonds, including the Series 2016 Bonds, after any payment default or after any other default by the Authority. The Indenture permits the issuance of additional Bonds, including variable-rate Bonds that may be secured by letters of credit or other credit facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." Under certain circumstances, such variable-rate Bonds could be subject to mandatory tenders for purchase or to mandatory redemption at the direction of the bank or other credit enhancer, and the Authority could be required to reimburse such bank or credit enhancer and to retire all of such bonds prior to the payment in full of the Series 2016 Bonds.

Continuing Compliance with Tax Covenants; Changes of Law

The Indenture and the Authority's tax certificate will contain various covenants and agreements on the part of the Authority that are intended to establish and maintain the tax-exempt status of interest on the Series 2016 Bonds. A failure by the Authority to comply with such covenants and agreements, including any remediation obligations, could, directly or indirectly, adversely affect the tax-exempt status of interests on the Series 2016 Bonds. Any loss of tax-exemption could cause all of the interest received by the Owners of the Series 2016 Bonds to be taxable. All or a portion of interest on the Series 2016 Bonds also could become subject to federal and/or State income tax as a result of changes of law. See "TAX MATTERS." The Authority is not required to redeem the Series 2016 Bonds should the interest become taxable.

THE RAILROADS

The Railroads have agreed to pay Use Fees, Container Charges and M & O Charges in accordance with, and for the term specified in, the Operating Agreement. The Use Fees and Container Charges paid by the Railroads are the primary source of Revenues pledged to the payment of the Bonds, but the Railroads are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. The Bonds, including the Series 2016 Bonds, are not secured by a lien on any properties or improvements of the Railroads or by a pledge of any revenues of the Railroads. Although other railroad companies may in the future use the Rail Corridor under certain circumstances, the Railroads are currently, and are expected to remain in the future, the sole users of the Rail Corridor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations" and "AUTHORITY REVENUES."

BNSF and Union Pacific Corporation, the parent of Union Pacific, currently are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are required to file reports and other information with the Securities and Exchange Commission (the "SEC"). The reports and other information can be inspected and copied at the public reference facility that the SEC maintains, or may be accessed electronically by means of the SEC's home page on the Internet (<http://www.sec.gov>). See "THE RAILROADS" in Appendix D. The Authority is not responsible for and makes no representation concerning information filed by the Railroads.

The Railroads have not provided the information contained in this Official Statement and have not reviewed this Official Statement. The information concerning the Railroads contained or referred to in this Official Statement (including the information in the next two paragraphs) has been obtained from public information filed with the SEC as described in Appendix D and has not been independently verified. The Authority makes no representations about this information.

Union Pacific

Union Pacific is incorporated in Delaware. All of the issued and outstanding shares of voting stock of Union Pacific are owned, directly or indirectly, by Union Pacific Corporation, a Utah corporation. Union Pacific operates various railroad and railroad-related businesses and is the largest railroad in North America. Union Pacific's approximately 32,084 route miles, traveling through 23 states, link Pacific Coast and Gulf Coast ports to the Midwest and eastern United States gateways and provide several north/south corridors to key Mexican gateways. Union Pacific serves the western two-thirds of the country and maintains coordinated schedules with other carriers for the handling of freight to and from the Atlantic Coast, the Pacific Coast, the Southeast, the Southwest, Canada and Mexico. Export and import traffic is moved through Gulf Coast and Pacific Coast ports and across the Mexican and Canadian borders. The largest of Union Pacific's roughly 10,000 customers include steamship lines, vehicle manufacturers, agricultural companies, utilities, intermodal companies and chemical manufacturers. Union Pacific has approximately 47,500 full-time equivalent

employees as of December 31, 2015, of whom approximately 85% are represented by 14 major rail unions. See “THE RAILROADS—Union Pacific Railroad Company” in Appendix D.

BNSF

BNSF, a subsidiary of Berkshire Hathaway, Inc., is also incorporated in Delaware. BNSF engages primarily in the rail transportation business and operates one of the largest railroad systems in North America. BNSF’s approximately 32,500 route miles run through 28 states and three Canadian provinces and serve more than 40 ports and 25 intermodal facilities. BNSF’s network covers the western two-thirds of the United States, stretching from major Pacific Northwest and Southern California ports to the Midwest, Southeast and Southwest, and from the Gulf of Mexico to Canada. Freight revenues are generated mainly through the transportation of consumer products, coal, industrial products and agricultural products. BNSF has approximately 44,000 employees as of December 31, 2015. See “THE RAILROADS—BNSF Railway Company” in Appendix D.

THE PORTS

The Ports are obligated only to make the payments required by the Operating Agreement and are not responsible for paying, and are not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. See Appendix B and Appendix C. The information in this Official Statement about POLA, including in Appendix B, was provided by POLA, and the information in this Official Statement about POLB, including in Appendix C, was provided by POLB. The Authority makes no representation concerning such information.

CONTINUING DISCLOSURE

The Authority and the Ports

The Authority has covenanted for the benefit of the holders and beneficial owners of the Series 2016 Bonds to provide certain financial and operating information not later than April 1 (or June 1 with respect to POLB, on and after the date that the 1999 Bonds and the 2004 Subordinate Lien Bonds are no longer outstanding) of each year in which any Series 2016 Bonds are outstanding, commencing April 1, 2017 with the report for the 2016-17 Fiscal Year (each an “Annual Report”). In addition, the Authority has covenanted to provide notices of the occurrence of certain enumerated events. In connection with the Authority’s disclosure obligations, each of the Ports has covenanted for the benefit of the holders and beneficial owners of the Series 2016 Bonds to provide the Authority with certain financial and operating information, not later than March 1 (or May 1 with respect to POLB, on and after the date that the 1999 Bonds and the 2004 Subordinate Lien Bonds are no longer outstanding) of each year in which any Series 2016 Bonds are outstanding, commencing with the report for the 2016-17 Fiscal Year. Because POLB’s fiscal year ends on September 30 (three months later than POLA’s and the Authority’s fiscal years, at times information about POLB is filed in a separate supplement to an Annual Report. The Annual Reports are required to be filed by the Authority with the MSRB through its EMMA system. The specific nature of information to be contained in the Annual Report or the notices of enumerated events is summarized in the form of the Continuing Disclosure Certificate in Appendix H. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

[UNDER DISCUSSION][According to the Authority, within the past five years, the Authority has not failed to comply in any material respect with its past continuing disclosure undertakings.]

According to POLA, within the past five years, POLA has not failed to comply in any material respect with its disclosure obligations under the continuing disclosure undertakings entered into by POLA (the “POLA Prior Continuing Disclosure Undertakings”) in connection with the Series 1999 Bonds, the Series 2004 Bonds and the Series 2013A Bonds (the “Prior ACTA Bonds”). POLA notes, however, that subsequent to the issuance

of certain of the Prior ACTA Bonds and date of certain of the POLA Prior Continuing Disclosure Undertakings, POLA updated the type of financial information and operating data contained in POLA's official statements and annual reports provided in connection with the POLA Prior Continuing Disclosure Undertakings. As such, POLA now provides to the Authority, for inclusion in the annual reports required pursuant to the POLA Prior Continuing Disclosure Undertakings, certain financial information and operating data in a form different than described in such POLA Prior Continuing Disclosure Undertakings.

According to POLB, within the past five years, POLB has not failed to comply in any material respect with its disclosure obligations under the continuing disclosure undertakings entered into by POLB (the "POLB Prior Continuing Disclosure Undertakings") in connection with the Prior ACTA Bonds. POLB notes, however, in 2012 and 2014, POLB did not provide its audited financial statements to the Authority prior to the date that the Authority was required, pursuant to the POLB Prior Continuing Disclosure Undertakings, to file the annual reports required thereunder. POLB's audited financial statements for the applicable periods were filed by the Authority when such financial statements become available to POLB and the Authority. POLB further notes, that subsequent to the issuance of certain of the Prior ACTA Bonds and date of certain of the POLB Prior Continuing Disclosure Undertakings, POLB updated the type of financial information and operating data contained in POLB's official statements and annual reports provided in connection with the POLB Prior Continuing Disclosure Undertakings. As such, POLB now provides to the Authority, for inclusion in the annual reports required pursuant to the POLB Prior Continuing Disclosure Undertakings, certain financial information and operating data in a form different than described in such POLB Prior Continuing Disclosure Undertakings.

The Railroads

Each of the Railroads also has covenanted to provide certain financial information for the benefit of the holders and beneficial owners of the Series 2016 Bonds. This information is incorporated in documents filed with the SEC. BNSF has agreed that if in the future it is no longer subject to the informational requirements of Sections 13 or 15(d) of the Exchange Act and Union Pacific has agreed that if in the future neither Union Pacific nor Union Pacific Corporation is subject to the informational requirements of Sections 13 or 15(d) of the Exchange Act, it will notify the Trustee and will furnish certain financial information and operating data to the MSRB through its EMMA system. See "THE RAILROADS" in Appendix D.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2016 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2016 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2016 Bonds. Pursuant to the Indenture and the tax and nonarbitrage certificate executed by the Authority in connection with the issuance of the Series 2016 Bonds (the "Tax Certificate"), the Authority has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2016 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain representations and certifications in the Indenture and the Tax Certificate. Special Tax Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Special Tax Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Authority described above, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the

Code with respect to individuals and corporations. Interest on the Series 2016 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Special Tax Counsel is also of the opinion that interest on the Series 2016 Bonds is exempt from personal income taxes of the State of California under present State law. Special Tax Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Series 2016 Bonds nor as to the taxability of the Series 2016 Bonds or the income therefrom under the laws of any state other than the State of California.

Original Issue Discount

Special Tax Counsel is further of the opinion that the excess of the principal amount of any maturity of the Series 2016 Bonds over the price at which a substantial amount of such maturity of the Series 2016 Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2016 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2016 Bonds sold at prices in excess of their principal amounts are “Premium Bonds.” An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2016 Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2016 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2016 Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued

indebtedness to purchase or to carry the Series 2016 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2016 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2016 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Special Tax Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix G. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2016 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2016 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2016 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2016 Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series 2016 Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2016 Bonds may occur. Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2016 Bonds. Special Tax Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2016 Bonds may affect the tax status of interest on the Series 2016 Bonds. Special Tax Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2016 Bonds, or the interest thereon, if any action is taken with respect to the Series 2016 Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2016 Bonds and with regard to the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes (see “TAX MATTERS”) are subject to the legal opinion of O’Melveny & Meyers LLP, Bond Counsel to the Authority, and Nixon Peabody LLP, Special Tax Counsel to the Authority, whose legal services have been retained by the Authority. The signed legal opinion with respect to the Series 2016 Bonds, dated and premised on law in effect as of the date of original delivery of the Series 2016 Bonds, will be delivered to the Authority on the date of issuance of the Series 2016 Bonds. The proposed text of the legal opinion of Bond Counsel is included as Appendix G to this Official Statement. The legal opinion to be delivered may vary from the text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Certain legal matters will be passed upon for the Authority by one of its Co-General Counsel, for POLA by the Office of the Los Angeles City Attorney and for POLB by the Office of the Long Beach City Attorney.

Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. The opinion provided to the Underwriters by their counsel will provide that only the Underwriters may rely upon such opinion.

Polsinelli LLP serves as Disclosure Counsel to the Authority in connection with certain matters. Polsinelli LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement and will not render any legal opinions with respect thereto.

O'Melveny & Meyers LLP and Nixon Peabody LLP undertake no responsibility for the accuracy, completeness or fairness of this Official Statement and will not render any legal opinions with respect thereto.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2016 Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the firm providing such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion or advice, the transaction on which the opinion or advice is rendered or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending against the Authority or, to the best knowledge of the Authority, threatened against or affecting the Authority that would materially adversely impact the Authority's ability to perform the obligations required of it by the Indenture and the Operating Agreement, or in any way contesting or affecting the validity of the Series 2016 Bonds, the Indenture or the Operating Agreement or wherein an unfavorable decision, ruling or judgment would materially adversely affect the validity or enforceability of the Indenture, the Operating Agreement or the Series 2016 Bonds.

In addition to the litigation described under "THE RAIL CORRIDOR AND RELATED PROJECTS — Environmental Considerations," the Authority is involved in a number of legal proceedings that are not described in this Official Statement, including proceedings relating to condemnation. The Authority does not expect that such proceedings, even if decided adversely to the Authority, will have a material adverse effect on the Authority's financial position.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Rating Service ("S&P") have assigned their ratings of "[_]" (stable outlook) and "[_]" (stable outlook), respectively, for the Insured Series 2016 Bonds, assuming the Series 2016 Bond Insurance Policy is delivered at the time the Insured Series 2016 Bonds are issued. Moody's, Fitch Ratings and S&P also assigned underlying ratings on the Series 2016A Bonds of "Baa2," "BBB+" and "BBB+," respectively, and underlying ratings on the Series 2016B Bonds of "Baa2," "BBB+" and "BBB," respectively. Certain information was supplied by the Authority and the Ports to such rating agencies to be considered in evaluating the Series 2016 Bonds, some of which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and materials furnished to them and on their own investigations, studies and assumptions.

The foregoing ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold any of the Series 2016 Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of

ratings, or other actions of a rating agency relating to its rating of the Series 2016 Bonds, may have an adverse effect on the market price, marketability or liquidity of the Series 2016 Bonds.

The Authority expects to furnish each rating agency with information and material that it may request. The Authority, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2016 Bonds.

None of the Underwriters, the Authority, the Ports or the Railroads undertakes any responsibility to assure the maintenance of the ratings or to oppose any revision or withdrawal thereof.

UNDERWRITING

The Series 2016A Bonds are to be purchased from the Authority by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Citigroup Global Markets Inc., RBC Capital Markets, LLC and Stifel Nicolaus & Company, Incorporated (collectively the “Underwriters”) at an aggregate purchase price of \$[_____] (representing the aggregate principal amount of the Series 2016A Bonds, plus original issue premium of \$_____, less original issue discount of \$_____ and less an Underwriters’ discount of \$[_____]), and the Series 2016B Bonds are to be purchased from the Authority by the Underwriters at an aggregate purchase price of \$[_____] (representing the aggregate principal amount of the Series 2016B Bonds, plus original issue premium of \$_____, less original issue discount of \$_____ and less an Underwriters’ discount of \$[_____]), all subject to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”) between the Authority and the Underwriters. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2016 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, including the approval by counsel of certain legal matters.

The Underwriters intend to offer the Series 2016 Bonds for sale at the prices or yields set forth on the inside cover page hereof. Such initial public offering prices or yields may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the Series 2016 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than or at yields higher than the public offering prices or yields stated on the inside cover page.

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 Authority, either or both of the Ports and either or both of the Railroads, 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 Authority, including Bonds being refunded, either or both of the Ports and either or both of the Railroads.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2016 Bonds (“Citigroup”), has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup may distribute municipal securities to

retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2016 Bonds.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, one of the Underwriters, is an affiliate of Bank of America, N.A., the Provider under the Forward Delivery Agreement described above.

FINANCIAL STATEMENTS

The audited financial statements of the Authority as of and for the fiscal years ended June 30, 2015 and 2014 are included in Appendix A. The Authority's financial statements as of and for the year ended June 30, 2014, before restatement, were audited by KPMG LLP, independent auditor. The Authority's financial statements as of and for the year ended June 30, 2015 have been audited by Moss Adams LLP, independent auditor, as stated in their report appearing therein. Moss Adams LLP has not examined, compiled or performed any procedures with respect to Revenues or other forecasts included in this Official Statement and, accordingly, expresses no opinion or any other form of assurance with respect thereto.

The audited financial statements of POLA for the fiscal years ended June 30, 2015 and 2014 and the report of the independent auditor dated November 23, 2015 were provided by POLA for inclusion in Appendix B. Simpson & Simpson LLP, the independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements of POLA addressed in that report. Simpson & Simpson LLP also has not performed any procedures relating to POLA's information included in this Official Statement.

The audited financial statements of POLB for the fiscal years ended September 30, 2014 and 2013 and the report of the independent auditor dated March 27, 2015 were provided by POLB for inclusion in Appendix C. KPMG LLP, the independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix C, any procedures on the financial statements of POLB addressed in that report. KPMG LLP also has not performed any procedures relating to POLB's information included in this Official Statement.

The Independent Auditors' reports contained in this Official Statement relate only to historical financial information specifically set forth or referred to therein.

FINANCIAL ADVISOR

Public Financial Management, Los Angeles, California, has acted as the Financial Advisor to the Authority in connection with the issuance of the Series 2016 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Public Financial Management is an advisory firm and is not engaged in the business of underwriting or distributing municipal or other public securities.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to potential investors in the Series 2016 Bonds. The summaries provided in this Official Statement, including the Appendices, do not purport to be comprehensive or definitive, and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the Series 2016 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of the documents referred to herein are available from the Authority upon written request submitted to the attention of James Preusch, Chief Financial Officer, at the address shown on the third page of this Official Statement or by facsimile at (562) 247-7090.

Statements in this Official Statement, including matters of opinion, projections and forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the Underwriters and the purchasers of the Series 2016 Bonds. The Authority has authorized the preparation, execution and distribution of this Official Statement.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

By _____
Chief Executive Officer

APPENDIX A
AUDITED BASIC FINANCIAL STATEMENTS OF THE AUTHORITY

APPENDIX B

THE PORT OF LOS ANGELES, INCLUDING AUDITED FINANCIAL STATEMENTS

THE PORT OF LOS ANGELES

POLA is obligated only to make certain payments required by the Operating Agreement and is not responsible for paying, and is not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. The Bonds are not secured by a lien on any properties or improvements of the City of Los Angeles or of POLA, or by a pledge of any revenues of POLA. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations” in the forepart of this Official Statement. Under certain circumstances, the Operating Agreement requires POLA to pay Shortfall Advances, the payment of which is a limited obligation, payable solely from POLA’s net revenues, after all of POLA’s other obligations, including operation and maintenance costs, are paid. See “AUTHORITY REVENUES—Shortfall Advances” and “BONDHOLDERS’ RISKS—Shortfall Advances are Limited, Subordinate Obligations of the Ports” in the forepart of this Official Statement. POLA has agreed that it will include in its budget Shortfall Advances of which it has notice, but POLA is not required to reserve or to set aside any funds, and the payment of Shortfall Advances by POLA is payable after all of POLA’s other obligations, including operation and maintenance costs, have been paid.

The information about POLA in this Official Statement was provided by POLA. The Authority makes no representation concerning such information.

General

The Harbor Department of the City of Los Angeles (the “LA Harbor Department”) is a proprietary, independent department of the City of Los Angeles similar to the Los Angeles Department of Water and Power and the Los Angeles Department of Airports. The LA Harbor Department operates POLA independently from the City of Los Angeles, using POLA’s own revenues, and administers and controls its fiscal activities, subject to oversight by the City Council of the City of Los Angeles. The City of Los Angeles holds in trust and the LA Harbor Department administers POLA’s facilities, located in San Pedro Bay, approximately 20 miles south of downtown Los Angeles. POLA’s facilities lie within the shelter of a nine-mile long breakwater constructed by the federal government in several stages, the first of which commenced in 1899. The breakwater encloses the largest man-made harbor in the Western Hemisphere.

POLA has three major continuing sources of revenue: shipping revenue, which is a function of cargo throughput; revenue from the rental of POLA’s land and buildings (i.e., revenue from permit and lease agreements); and the smallest component, fee and royalty revenue.

POLA operates as a landlord, issuing permits for the use of POLA land, docks, wharves, transit sheds, terminals and other facilities. POLA also is landlord to various shipyards, fish markets, ocean-related entities (i.e., fisheries and ship repair), railroads, restaurants and other similar operations. These arrangements are entered into under various lease and permit agreements. Under the permit agreements the occupants agree to pay tariffs or fees established by POLA. Permittees are generally shipping or terminal companies, agents or other private firms. POLA has no direct role in managing the daily movements of cargo. POLA also recovers its costs of providing services and improvements through tariff charges for shipping services.

Most of the property on which POLA’s land, docks, wharves, transit sheds, terminals and other facilities are located is owned by the City of Los Angeles and administered by POLA, subject to a trust created pursuant to certain tideland grants from the State. These tidelands were granted to the City of Los Angeles under the State Tidelands Trust Act by the California State Legislature in 1911 for the purpose of promoting commerce, navigation and fishery. Subsequent state legislative action expanded the permitted uses of tidelands to include maritime commerce, fishing, navigation and recreation and environmental activities that are water-oriented and are intended to be of statewide benefit. Certain additional requirements and restrictions are imposed by the

tidelands grants, including limitations on the sale and long-term leasing of tidelands and limitations on the use of funds generated from the tidelands and tidelands trust assets.

Under the tidelands trusts, funds from the tidelands may be transferred to the City of Los Angeles's General Fund only for tidelands trust purposes and may not be transferred to the City General Fund for general municipal purposes. All amounts in the Los Angeles Harbor Revenue Fund are subject to the tidelands trust use restrictions. POLA does not expect that restrictions on the use of tidelands or with respect to tidelands funds will materially adversely affect POLA's operations or finances of POLA. Tideland grants and terms of the tidelands trusts are subject to amendment or revocation by the California Legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State).

According to the American Association of Port Authorities, during calendar year 2014, POLA was the busiest container port in North America in terms of cargo volume, handling approximately 8.3 million TEUs. According to statistics compiled by the Journal of Commerce, during calendar year 2014, POLA and the Port of Long Beach ("POLB"), combined, ranked as the tenth busiest container port complex in the world in terms of TEUs handled. POLA handled approximately 8.2 million TEUs during calendar year 2015, as compared to approximately 8.3 million TEUs during calendar year 2014.

Physical Description and Geography

In terms of physical size, POLA covers approximately 7,500 acres (4,300 acres of land and 3,200 acres of water); 43 miles of waterfront berthing; and 27 passenger and cargo terminal facilities, including eight major container cargo terminals, four break-bulk facilities, seven petroleum/liquid bulk cargo terminals, three dry bulk facilities, two passenger cruise terminals, one vehicle handling facility and two multi-use facilities. POLA is served by the two Railroads and is at the terminus of two major highways within the Los Angeles area highway system. POLA also is linked by subsurface pipelines to many of the major refineries and petroleum distribution terminals within the Los Angeles basin. POLA is a deep-water port with a minimum depth of 45 feet below mean low water throughout the main channels and 53 feet at the bulkloader and supertanker channels. POLA recently completed the dredging of its main channel to the depth of 53 feet to accommodate the most modern container ships. POLA currently has the capability to handle modern, deeper-draft vessels. Because there is no significant source of river sand or silt in the POLA harbor, these channels do not require frequent dredging for maintenance purposes. Sand and silt deposits are typically restricted to storm drain outlets and the adjacent Dominguez Channel. Maintenance dredging typically occurs every three years to remove accumulations of deposits throughout the port complex.

Many of the container terminal operators located at POLA utilize the Intermodal Container Transfer Facility (the "ICTF"), a specialized rail yard for the transfer of containers to and from trucks and railcars, located five miles from POLA. 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 Ports. The ICTF is operated by Union Pacific under a long-term lease agreement.

POLA's major permittees (tenants) as of June 30, 2015 are listed in Table B-1 below.

TABLE B-1

**PORT OF LOS ANGELES
MAJOR PERMITTEES (TENANTS)
AS OF JUNE 30, 2015**

APM Terminals Pacific LTD/Maersk	SA Recycling/Hugo Neu-Proler Corp
China Shipping Holding Company, LTD	Shell Oil Company
Eagle Marine Services Ltd.	TraPac, Inc.
Everport Terminal Services Inc.	Ultramar Marine Inc.
Exxon-Mobil Oil Corporation	Union Pacific Railroad Company
Kinder Morgan/GATX Terminals Corporation	Vopak/Wilmington Liquid Bulk Terminal
Parking Concepts, Inc.	WWL Vehicle Services Americas/Distribution and Auto Services
Phillips 66 Company	Yang Ming Transport Ltd.
Ports America Cruise, Inc.	Yusen Terminal Inc./N.Y.K. (North America) Inc.
Rio Doce Pasha Terminal, L.P.	

Source: POLA

POLA sets tariff charges for, among other things, wharfage, dockage, storage, pilotage, land usage, passenger fees and demurrage applicable to all ships and cargo using POLA-owned property and necessary for the orderly movement of cargo. POLA and all other California public ports control and determine their own individual tariff structures. The ports cooperate, however, 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, among other things, space assignments at marine terminal facilities, as well as other miscellaneous terminal charges necessary for the orderly movement of cargo. CAPA’s goal is to permit California ports to obtain an adequate return on investment to facilitate the necessary maintenance, expansion and improvement of marine facilities. CAPA is exempt from federal antitrust laws, thereby allowing for this cooperative rate setting.

Source of Funds for Payment of Shortfall Advances

Pursuant to the Operating Agreement, POLA is obligated to include in its budget each fiscal year an amount equal to the amount of projected Shortfall Advances for such fiscal year that has been forecasted by the Authority and for which due notice thereof has been provided to POLA by the Authority. The payment of Shortfall Advances by POLA is payable after all of POLA’s other obligations, including operation and maintenance costs and POLA’s debt service, are paid. POLA has established a special reserve fund known as the “Emergency/ACTA Fund”, the purpose of which is to pay for any unexpected expense that may arise during a fiscal year, including, but not limited to, Shortfall Advances. As of the date of this Official Statement, approximately \$47.6 million is on deposit in the Emergency/ACTA Fund.

Financial and Operation Information

The Los Angeles Harbor Revenue Fund is a separate fund established by the Charter of the City of Los Angeles. All fees, charges, rentals and revenue from every source collected by POLA in connection with its possession, management and control of the Los Angeles Harbor District and Los Angeles Harbor Assets (as defined in the Charter of the City of Los Angeles) are deposited in the Los Angeles Harbor Revenue Fund. All such moneys and revenues deposited in the Los Angeles Harbor Revenue Fund are under the direction and control of the Los Angeles Board of Harbor Commissioners (the “POLA Board”). POLA expends moneys in the Los Angeles Harbor Revenue Fund, from time to time, to pay operating and maintenance expenses and debt service on its outstanding indebtedness. Remaining revenues constitute surplus revenues and may be used for any lawful purposes, including, among other things, payment of Shortfall Advances.

The following Table B-2 sets forth a breakdown of the Department's operating revenues, expenses and net assets for fiscal years ended June 30, 2011 through 2015.

TABLE B-2
PORT OF LOS ANGELES
SUMMARY OF REVENUES, EXPENSES AND NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2011 THROUGH 2015
(in thousands of dollars)

	2011	2012	2013	2014	2015
REVENUES					
Shipping Services					
Wharfage	\$ 317,621	\$ 333,757	\$ 322,821	\$ 350,928	\$ 336,997
Dockage	5,848	4,813	4,689	4,930	6,097
Demurrage	238	230	228	223	329
Pilotage	7,417	7,131	6,954	7,540	7,110
Assignment Charges	12,374	11,785	13,184	13,592	14,365
Total Shipping Services	\$ 343,498	\$ 357,716	\$ 347,876	\$ 377,213	\$ 364,899
Rentals					
Land	\$ 42,693	\$ 40,127	\$ 38,856	\$ 38,189	\$ 45,255
Other	2,735	3,016	4,034	1,966	979
Total Rentals	\$ 45,428	\$ 43,143	\$ 42,890	\$ 40,156	\$ 46,233
Royalties, Fees and Other Operating Revenues	11,577	8,928	6,602	8,582	35,763
Total Operating Revenues	\$ 400,503	\$ 409,787	\$ 397,368 ⁽¹⁾	\$ 425,951	\$ 446,895
EXPENSES					
Operating and Administrative Expenses					
Salaries and Benefits	\$ 98,838	\$ 98,614	\$ 101,861	\$ 93,668	\$ 92,786
Pension Expenses Adjustment ⁽²⁾	--	--	--	18,385	19,002
City Services and Payments	29,964	32,014	31,074	33,633	34,749
Outside Services	29,367	27,660	29,690	26,331	28,983
Utilities	6,612	6,653	5,726	12,335	19,373
Materials and Supplies	6,249	6,314	5,989	6,883	6,257
Pollution Remediation Expenses	14,698	11,635	11,635	1,268	(211)
Marketing and Public Relations	2,912	3,177	2,877	2,711	2,771
Workers' Compensation, Claims and Settlement	4,633	7,507	3,550	1,959	2,503
Clean Truck Program Expenses	5,445	790	934	1,100	949
Travel and Entertainment	804	932	1,139	548	512
Other Operating Expenses	10,174	4,511	10,694	6,533	26,574
Total Operating and Administrative expenses	209,695	199,806	205,169	205,354	234,249
Income from Operations before Depreciation	190,808	209,981	192,199	220,597	212,646
Depreciation	90,468	100,485	108,037	124,221	137,384
Operating income	100,340	109,496	84,162	96,376	75,262
Nonoperating Revenues/(Expenses)					
Income From Investments in JPAs and Other Entities	(333)	1,851	2,049	2,129	2,811
Interest and Investment Income	6,436	9,486	826	4,654	5,039
Interest Expense	(3,704)	(10,538)	(2,473)	(1,530)	(330)
Other Income and Expenses, net	(6,667)	(8,359)	784	(27,364)	(2,226)
Net Nonoperating Revenues/(Expenses)	(4,268)	(7,560)	1,186	(22,111)	5,293
Income Before Capital Contributions	\$ 96,072	\$ 101,936	\$ 85,348	\$ 74,265	\$ 80,555
Capital Contributions	12,059	31,307	17,630	80,374	111,852
Special item	--	--	13,387	15,002	--
Changes in Net Assets	108,131	133,243	116,365	169,640	192,407
Total Net Assets – Beginning of Year	2,534,754	2,642,885	2,776,128	2,884,351	3,064,554
Net Adjustment for Prior Year Amortization of Bond Premium/Discount	--	--	--	10,562	--
Net Adjustment for Prior Year Pension Expense	--	--	--	--	(194,062) ⁽³⁾
Net Adjustment for Write-Off of Prior Period Bond Costs	--	--	(8,142)	--	--
Total Net Assets – End of Year	\$2,642,885	\$2,776,128	\$2,884,351	\$3,064,554	\$3,062,899

⁽¹⁾ In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

⁽²⁾ Pension expenses incurred in fiscal years ended June 30, 2014 and 2015 have been reported separately from "Salaries and Benefits" expense as a result of the implementation of Governmental Accounting Standards Board ("GASB") "Statement No. 68, Accounting and Financial Reporting for Pensions" ("GASB 68") and GASB "Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measure Date" ("GASB 71"). Pension expenses incurred in fiscal years ended June 30, 2011 through 2013 have been reported within "Salaries and Benefits" expense.

⁽³⁾ One-time adjustment required by GASB 68 and GASB 71. Refer to Note 1(B) "Summary of Significant Accounting Policies—Restatement" in POLA's Comprehensive Annual Financial Report for the fiscal years ended June 30, 2015 and 2014 (attached hereto in this Appendix B) for more information.

Note: TEU = twenty foot equivalent units.

Source: POLA

The following Table B-3 provides a summary of the type and volume of cargo handled at POLA for the past ten fiscal years.

TABLE B-3
PORT OF LOS ANGELES
REVENUE TONNAGE BY CARGO TYPE⁽¹⁾
FISCAL YEARS 2006 THROUGH 2015
(in thousands of metric revenue tons)

Fiscal Year Ended June 30	General Cargo	Liquid Bulk⁽²⁾	Dry Bulk⁽³⁾	Total⁽⁴⁾	% Increase (Decrease) in Total Tonnage over Prior Year
2006	155,200	16,000	3,600	174,800	8.1%
2007	171,900	15,400	2,800	190,100	8.8
2008	161,900	6,200	1,900	170,000	(10.6) ⁽⁶⁾
2009	144,400	11,100	2,000	157,500	(7.4) ⁽⁶⁾
2010	145,800	10,700	1,300	157,800	0.2
2011 ⁽⁵⁾	149,100	10,600	1,200	160,900	2.0
2012 ⁽⁵⁾	163,900	9,900	1,100	174,900	8.7
2013	156,300	7,800	1,000	165,100	(5.6) ⁽⁷⁾
2014	165,000	10,500	900	176,400	6.8
2015	165,100	10,300	1,400	176,800	0.2

⁽¹⁾ Numbers are rounded.

⁽²⁾ For fiscal year ended June 30, 2007, the number includes 7,354,000 metric revenue tons, which represents a correcting entry for multiple prior years.

⁽³⁾ Dry bulk cargo includes steel slabs, sulfur, pipe, beams, scrap metal, coal, ores, cement, fertilizers and bauxite.

⁽⁴⁾ Computed on an accrual basis, adjusted for unverified amounts.

⁽⁵⁾ Tonnage changes due to post-close adjustments.

⁽⁶⁾ Due to the global economic downturn that began in December 2007, the Department experienced declines in total revenue tonnage in the fiscal years ended June 30, 2008 and June 30, 2009.

⁽⁷⁾ In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

Source: POLA

The following Tables B-4 and B-5 provide information about the container traffic at POLA for calendar years 2011 through 2015 and for fiscal years 2011 through 2015.

TABLE B-4

**PORT OF LOS ANGELES
CONTAINER TRAFFIC
CALENDAR YEARS 2011-2015
(TEUs)**

	2011	2012	2013	2014	2015
Inbound⁽¹⁾	4,066,764	4,092,621	3,976,692	4,269,760	4,159,462
Outbound⁽¹⁾	2,109,394	2,043,076	1,921,069	1,932,014	1,656,677
Empties	1,764,353	1,942,017	1,970,822	2,138,291	2,344,319
Total TEUs⁽²⁾	7,940,511	8,077,714	7,868,583	8,340,065	8,160,458

⁽¹⁾ Fully loaded.

⁽²⁾ Totals may not sum due to rounding.

Source: POLA.

TABLE B-5

**PORT OF LOS ANGELES
CONTAINER TRAFFIC
FISCAL YEARS 2011-2015
(TEUs)**

	2011	2012⁽¹⁾	2013⁽¹⁾	2014	2015
Inbound⁽²⁾	4,043,089	4,172,744	3,936,484	4,178,641	4,187,443
Outbound⁽²⁾	1,933,888	2,159,949	1,909,019	1,976,387	1,788,266
Empties	1,958,454	1,852,814	1,931,957	2,054,828	2,216,251
Total TEUs⁽³⁾	7,935,431	8,185,507	7,777,460	8,209,856	8,191,960

⁽¹⁾ Restated.

⁽²⁾ Fully loaded.

⁽³⁾ Totals may not sum due to rounding.

Source: POLA.

The following Table B-6 shows the breakdown of shipping revenues by container and noncontainer for fiscal years 2006 through 2015. Shipping revenues are comprised of wharfage, dockage, demurrage, cranes, pilotage, assignment charges, and storage

TABLE B-6

**PORT OF LOS ANGELES
SHIPPING REVENUE BREAKDOWN⁽¹⁾
FISCAL YEARS ENDED JUNE 30, 2006-2015**

Fiscal Year Ended June 30	Total Shipping Revenues (000)	Container Shipping Revenues (000)	TEUs (000)	Container Shipping Revenue Per TEU	Non-Container Shipping (000)	Non-Container Tons (000)	Non-Container Shipping Revenue Per Ton
2006	\$373,300	\$311,400	7,801	\$39.92	\$61,900	30,832	\$2.01
2007	375,500	324,200	8,650	37.48	51,300	21,731	2.36
2008	374,900	328,800	8,083	40.68	46,100	18,450	2.50
2009	329,300	293,100	7,262	40.36	36,200	14,518	2.49
2010	327,600	296,500	7,228	41.02	31,100	12,525	2.48
2011	343,500	306,300	7,935	38.60	37,200	14,896	2.50
2012	357,700	321,900	8,186	39.32	35,800	13,800	2.59
2013 ⁽²⁾	347,900	313,700	7,777	40.34	34,200	11,700	2.92
2014	377,200	335,700	8,210	40.89	41,500	14,900	2.79
2015	364,900	325,500	8,192	39.73	39,400	15,100	2.61

⁽¹⁾ Numbers are rounded.

⁽²⁾ In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

Source: POLA.

The following Table B-7 shows a breakdown of total TEUs by country of origin for imports and country of destination for exports.

TABLE B-7

**PORT OF LOS ANGELES
TEU COUNT BY COUNTRY
FISCAL YEAR ENDED JUNE 30, 2015**

Exports Country	Export TEUs	% of Total	Imports Country	Import TEUs	% of Total
China	609,179	37.9%	China	2,366,581	58.7%
Japan	210,751	13.1	Japan	253,512	6.3
Taiwan	169,721	10.6	Vietnam	227,801	5.6
South Korea	155,960	9.7	Taiwan	217,241	5.4
Hong Kong	50,027	3.1	South Korea	190,170	4.7
Vietnam	46,542	2.9	Thailand	158,369	3.9
Indonesia	39,484	2.5	Hong Kong	106,946	2.7
Thailand	36,946	2.3	Indonesia	103,723	2.6
Singapore	35,832	2.2	Malaysia	70,222	1.7
Philippines	29,440	1.8	India	50,342	1.2
All Others	222,330	13.9	All Others	287,276	7.2
Total Exports	1,606,212	100.0	Total Imports	4,032,183	100.0

Source: Ports Import Export Reporting Services ("PIERS"). Data from PIERS excludes domestic cargo and empties.

Security

POLA's port security program is designed to secure POLA through prevention and deterrence. POLA security operations are conducted by the Los Angeles Port Police. The POLA security program consists of operational security measures supported by advanced surveillance, communications, command and control and sensor systems. Additionally, POLA is engaged in development and implementation of national and international port and cargo security standards and regulations. The security program is closely coordinated with a number of federal, State and local agencies.

Since 2010, POLA has been awarded approximately \$10.3 million in grants to fund safety and security projects by federal and State government agencies, including the U.S. Department of Homeland Security, the Federal Emergency Management Agency, the Transportation Security Administration and the State Office of Homeland Security.

POLA has made significant progress on initiatives to improve security such as a Port-wide surveillance camera system, a fiber optic data network, a centralized Operations Center, implementation of the Transportation Workers Identification Credential security credentialing program and continued engagement with the Federal Government and overseas ports in improving the security of international supply chains. POLA continues to seek additional funding to support the security program from State and federal levels.

Capital Improvement Projects.

POLA's capital improvement projects are categorized into five types of projects: (i) Terminal Projects, (ii) Transportation Projects, (iii) Security Projects, (iv) Public Access/Environmental Enhancement Projects, and (v) Maritime Services Projects.

Expenditures for capital improvement projects for the fiscal year ended June 30, 2015 were approximately \$255.6 million, comprised of: Terminal Projects (a total of approximately \$152.1 million), Transportation Projects (a total of approximately \$84.6 million), Security Projects (a total of approximately \$3.8 million), Public Access/Environmental Enhancement Projects (a total of approximately \$7.2 million), and Maritime Services Projects (a total of approximately \$7.9 million).

Table B-8 provides a summary of the total estimated project costs by category of POLA's capital improvement program for fiscal years ending June 30, 2016 through 2020.

TABLE B-8
PORT OF LOS ANGELES
CAPITAL IMPROVEMENT PROGRAM BY CATEGORY
FISCAL YEARS 2016-2020

Project Category	Estimated Total Cost (\$ millions)
Terminal Projects	\$416
Transportation Projects	56
Security Projects	1
Public Access/Environmental Enhancement Projects	168
Maritime Projects	<u>161</u>
Total	<u>\$803</u>

Source: POLA

Terminal Projects. Following are summaries of certain of POLA's major Terminal Projects.

TraPac Terminal Expansion. The TraPac terminal project (the "TraPac Terminal Project") includes expansion between Berths 136 and 147 on POLA's northwest perimeter to facilitate TraPac's expansion of cargo handling and to increase efficiency. POLA estimates that the TraPac Terminal Project will increase potential related TEU throughput by TraPac from 900,000 TEUs (baseline year 2003) to 2.4 million TEUs by 2025. The TraPac Terminal Project consists primarily of wharf and backland improvements, an intermodal container transfer facility, terminal buildings and installation of Alternative Maritime Power ("AMP") improvements (consists of plugging into shore-side electrical power while at dock). The facility spans 172 acres. The TraPac Terminal Project will be POLA's most advanced container terminal with advanced automation technology being implemented for the new backland and railyard areas. The TraPac Terminal Project has a budget of \$510 million (approximately \$[41] million of which remains to be expended) and is expected to be completed in March 2017. Construction of the wharf improvements, the Phase 1A, 1B and 1C backland improvements, the new main gate and the terminal buildings have been completed. Construction of backland improvements in Phases 2, 3 and 4 and the on-dock rail facility are in progress. POLA intends to use proceeds from previously issued POLA bonds and cash from operations to finance costs of the TraPac Terminal Project. POLA's long-term contract with TraPac expires in 2039. See "Environmental and Regulatory Matters—Recent Developments Relating to TraPac EIR" below for recent developments with respect to the TraPac Terminal Project Environmental Impact Report ("EIR").

YTI Terminal Expansion. The Yusen Terminals Inc. ("YTI") container terminal redevelopment project (the "YTI Container Terminal Redevelopment Project") includes backland and wharf improvement and expansion of the intermodal container transfer facility located at the YTI terminal. The facility spans 183 acres. The backland improvement includes pavement repair and the construction of concrete runways. Wharf improvements include dredging at Berths 217-220 from an existing depth of 45 feet to 47 feet, dredging at Berths 214-216 from an existing depth of 45 feet to 53 feet, new landslide crane rail extension along Berths 217-220 and four AMP box relocations from Berths 214-216 to Berths 217-220. The EIR and the Environmental Impact Statement ("EIS") for the YTI Container Terminal Redevelopment Project was completed in November 2014. The YTI Container Terminal Redevelopment Project is estimated to cost approximately \$85 million (approximately \$[61.6] million of which remains to be expended) and is expected to be completed in September 2017. POLA intends to use proceeds from previously issued POLA bonds and cash from operations to finance costs of the YTI Container Terminal Redevelopment Project. POLA's long-term contract with YTI expires in 2026.

China Shipping Terminal Expansion. The China Shipping expansion project (the "China Shipping Project") provides for a long-term permit agreement with China Shipping and expands China Shipping's terminal capacity to accommodate an annual throughput of 1.5 million TEUs. The facility footprint is being expanded from an existing 73 acres to 132 acres of backland and 2,500 feet of wharf to be served by ten Postpanamax A-frame cranes. The three main phases of the China Shipping Project have been completed. Phase I was completed in December 2004 and consisted of construction of 1,200 feet of wharf at Berth 100, 73 acres of backland development and Access Bridge No. 1. Phase II was completed in December 2010 and consisted of construction of 925 feet of wharf at Berth 102, 18 acres of backland development and Access Bridge No. 2. Phase III was completed in November 2013 and consisted of construction of 375 feet of wharf and 41 acres of backland development. AMP improvements also were installed at the container wharves constructed in Phases I, II and III. Phases II and III also consisted of wharf expansion, backland development, a marine operations building, a crane maintenance building, relocation of the Catalina Express Terminal and installation of AMP improvements. POLA's long-term contract with China Shipping expires in 2030.

In addition to the three main phases of the project, the China Shipping Project includes construction of marine operations and a crane maintenance building. Costs of \$16.8 million related to the marine operations and crane maintenance building are included in POLA's capital improvement program for fiscal years 2016 through 2020. The China Shipping Project also includes several community beautification initiatives, including the redevelopment of an existing community park in San Pedro (Plaza Park), which is currently under

construction, and implementing a beautification plan along area corridors and landscaping along Front Street which runs parallel to the terminal perimeter. POLA intends to use cash from operations to finance costs of the remaining components of the China Shipping Project. See “Environmental and Regulatory Matters—Recent Developments Relating to China Shipping EIR” below for recent developments with respect to the China Shipping Project EIR.

Everport Redevelopment. Redevelopment at Berths 226 through 236 (the “Everport Redevelopment”) consists of various projects within the Everport Container Terminal. These projects include terminal improvements such as dredging Berths 226 through 229 to a depth of -53 feet and Berths 230 through 232 to a depth of -47 feet as well as developing 1.5 acres of new terminal backland. In addition, the Everport Redevelopment includes: AMP upgrades and retrofits, panzerbelt trench upgrades and the installation of a water leak detection system. In total, the Everport Redevelopment is expected to cost approximately \$60 million. As of June 2015, construction of AMP installations and associated infrastructure at Berths 230 through 232 had been completed. The design of additional AMP vaults at Berths 228 through 230 is currently underway with construction expected to begin in mid-2017. Environmental studies as well as design efforts related to the planned dredging activities and backland development are currently underway and are expected to be completed by late-2016 with construction work anticipated to begin in late-2017.

AltaSea at the Port of Los Angeles. In December 2013, the Los Angeles City Council approved a 50-year lease to transform a 100 year old pier on the LA Waterfront in San Pedro into an urban marine research and innovation center called “AltaSea at the Port of Los Angeles” (the “AltaSea Development”). The lease agreement is between POLA and AltaSea at the Port of Los Angeles (“AltaSea”), a California public benefit corporation established to develop and operate the AltaSea Development. The AltaSea Development involves approximately 35 acres of land and water at POLA’s City Dock No. 1 site. The AltaSea Development will be developed through a private-public partnership comprised of POLA, AltaSea and regional public and private universities. Phase 1 of the AltaSea Development is estimated to cost \$217 million. As of the date of this Official Statement, funding commitments for Phase 1 of the AltaSea Development include \$58 million in site-related capital investment by POLA and a \$25 million gift by the Annenberg Foundation. The remaining funding for Phase 1 of the AltaSea Development are expected to come from private philanthropic donations, foundation and corporate grants, business sponsorships and other sources.

Marine Oil Terminal Engineering and Maintenance Standards Implementation. Built between 1919 and 1959, POLA has seven liquid bulk facilities (including storage tanks and underground pipeline networks) that handle various types of commodities for both import and export. Vessels calling at these facilities include tankers, barges and bulk carriers. Oil cargo operations within the State of California generally fall under the jurisdiction of the California State Lands Commission (the “State Lands Commission”). Effective February 2006, the State Lands Commission established the Marine Oil Terminal Engineering and Maintenance Standards (“MOTEMS”) which apply to all existing and new marine oil terminals in the State. One such standard required POLA’s oil terminal facilities to undergo an Initial Audit, the purpose of which was to determine “Fitness-for-Purpose” of all marine oil terminals. Initial Audits were performed at Berths 118-120, 148-151, 163, 164, 167-169, 187-191, and 238-239. As a result of these Initial Audits, Kinder Morgan’s operations at Berths 118-120 will be de-commissioned within five years.

Another MOTEMS requirement is that all liquid bulk wharves at the port be significantly upgraded or replaced. Through ongoing discussions with the State Lands Commission, POLA has agreed to upgrade or replace its liquid bulk wharves by fiscal year 2020. As of June 2015, aggregate costs of the upgrade or replacement of liquid bulk wharves are estimated to be approximately \$180 million. Any reimbursement of these costs to POLA will be negotiated with the marine oil terminal tenants as part of currently ongoing lease negotiations. As of the date of this Official Statement, POLA’s financial participation in the costs of these liquid bulk wharf upgrades or replacements are capped at \$7.5 million per berth (or \$60.0 million in the aggregate). POLA intends to use cash from operations to finance costs of the MOTEMS implementation.

A majority of the total remaining project costs related to the aforementioned Terminal Projects have been included in POLA's capital improvement program for fiscal years 2016 through 2020. POLA also is reviewing additional Terminal Projects related to the land and facilities currently utilized by cruise ship operators, Yang Ming and APL. However, POLA will not advance the design and construction of these facilities until it and the applicable tenants have reached agreement on, among other things, the scope and costs of the projects. Certain of these projects are described below.

Cruise Terminal. Since 2008, POLA has invested more than \$42 million in improvements to its World Cruise Center. The improvements include four new gangway systems, two complete AMP berths, new rooftop solar panels designed to generate approximately one megawatt of electricity, and other improvements, including new fenders, parking lot reconfigurations, painting, lighting and audio/video upgrades. POLA is planning to expand the current AMP system to allow greater flexibility to accommodate larger cruise ships. POLA also has approved an additional cruise ship terminal at Kaiser Point in the outer harbor terminal which would operate in conjunction with the existing World Cruise Center, enabling POLA to provide more berth space to simultaneously accommodate the larger Voyager class cruise ships and improved navigation for larger ships. Construction of the outer harbor cruise terminal will not be undertaken until such time as market conditions warrant an expansion of the current facilities.

Yang Ming Terminal Project. The Yang Ming terminal project (the "Yang Ming Terminal Project") represents a redevelopment program to upgrade a portion of existing container wharves at Berths 121 through 131 and expand the intermodal container transfer facility located at the Yang Ming terminal. As part of the currently planned container wharf upgrades, an existing 50-foot wharf and dike at Berths 127 through 129 is planned to be demolished and a new 1,260 linear foot wharf that can accommodate a typical 14,000 TEU vessel, approximately 6 to 10 additional cranes as well as AMP infrastructure will be constructed in its place. In addition, Berths 127 through 129 will be dredged to a depth of -53 feet. In addition to the aforementioned wharf upgrades, the Yang Ming Terminal Project is expected to include expansion of the intermodal container transfer facility with four additional loading tracks. In total, the Yang Ming Terminal Project is expected to cost approximately \$185 million, and, as of June 2015, approximately \$14 million has been spent to design and construct AMP installations and associated infrastructure at the Yang Ming terminal. As of June 2015, remaining design and construction work on this project has been put on hold while negotiations with the tenant take place.

APL Terminal Project. The APL terminal project (the "APL Terminal Project"; also known as the "Berths 302-306 Container Terminal Improvements") consists of multiple projects to expand the container terminal located at Berths 302-306 by approximately 50 acres and to modify some existing terminal elements. The expansion area improvements would include: approximately 1,250 linear feet of new wharf, AMP installations, dredging, approximately 41 acres developed for automated operations and approximately 6 acres redeveloped for container terminal operations. As part of the currently conceived project, the existing tenant would also redevelop 17 acres for an automated landside transfer facility as well as an outside truck holding area. The APL Terminal Project is currently estimated to cost approximately \$250 million. The EIR/EIS for the APL Terminal Project was completed in May 2012, and the construction of AMP installations and associated infrastructure at Berths 302 through 305 was completed in March 2014. Through June 2015, approximately \$45 million had been spent on AMP installation and other miscellaneous improvements. As of June 2015, the remaining design and construction work for this project had been put on hold while negotiations with the tenant take place.

Transportation and Other Projects. Following are summaries of certain of POLA's current Transportation Projects and certain other projects.

I-110 Connectors Improvement Program. The I-110 Connectors Improvement Program (the "ICIP") consists of several arterial street and freeway-to-freeway interchange improvements in the immediate vicinity of the intersection of SR 47 (Vincent Thomas Bridge) and I-110 freeway. The projects provided for under the ICIP are designed to improve freeway access to POLA facilities, eliminate traffic movement conflicts, improve

existing non-standard elements, and better accommodate existing and future traffic conditions for POLA and background traffic. POLA and the California Department of Transportation (“Caltrans”) are working in partnership on implementing the ICIP. The ICIP received environmental clearance in February and June of 2012, and construction began in November 2013, with completion expected to occur in the first quarter of calendar year 2017. It is estimated that the cost of the ICIP will be approximately \$104.1 million, of which POLA will be responsible for approximately \$64.0 million. POLA has used or intends to use cash from operations to finance its portion of the costs of the ICIP. The remaining \$40.1 million of funding for the ICIP, is expected to come from grants obtained from various authorities including: the Los Angeles County Metropolitan Transportation Authority, Proposition 1B, the California State Corridors Improvement Funds and the Federal Safe, Accountable, Flexible, Efficient Transportation for Equity Act: A Legacy for Users.

Security Projects. Over the last several years, POLA has implemented numerous initiatives to improve security at its facilities, including a Port-wide surveillance camera system, a fiber optic data network, a state-of-the-art Department Operations Center and the Transportation Workers Identification Credential secure access program.

Public Access/Environmental Enhancements. The LA Waterfront Program is an initiative to improve and enhance areas located along the waterfronts of Wilmington and San Pedro. The LA Waterfront Program is comprised of two segments, the Wilmington Segment and the San Pedro Segment. The Wilmington Segment includes two complementary projects, the Wilmington Waterfront Park Project (the “Wilmington Waterfront Park Project”) and the Wilmington Waterfront Project (the “Wilmington Waterfront Project”). The Wilmington Waterfront Park Project was completed in June 2011 and consists of a 30-acre park with walking trails, water features, plazas, public art and a pedestrian bridge. The EIR for the 94-acre Wilmington Waterfront Project was approved by the POLA Board in June 2009 and, project elements include a waterfront promenade, 11 acres of open green space, plazas, a 200-foot observation tower, Red Car museum, and commercial and light industrial development. The five-year total cost of the Wilmington Segment is estimated to be approximately \$67.6 million.

The San Pedro Segment is generally located along the west side of the Port’s main channel from the Vincent Thomas Bridge to Cabrillo Beach. The San Pedro Segment, the Wilmington Waterfront Park Project and the Wilmington Waterfront Project are all connected along existing roadways in the West Basin area of the Port. The EIR for the San Pedro Segment was approved by the POLA Board in September 2009. The project will transform over 400 acres of property currently operated by POLA. The San Pedro Segment involves development of a variety of land uses within the proposed project area, including, among other things, public waterfront and open space areas, expansion of cruise ship facilities, a continuous waterfront promenade that would extend throughout the proposed project area, upgrades to and expansion of retail and commercial uses, improved transportation infrastructure, and surface and structured parking to accommodate project development within the proposed project area. The five-year cost of the San Pedro Segment is estimated to be approximately \$52.9 million.

Maritime Services Projects. Maritime Services Projects at the Port consist of improvements to POLA’s administration building (“Harbor Administration Building”) and miscellaneous projects that are not classified under the Terminal, Transportation, Security or Public Access/Environmental Enhancement initiatives currently planned at the Port. These projects include the Harbor Administration Building drain line replacement, Liberty Hall Plaza Fire Life Safety System Replacement and Berth 161 Marine Ways Modifications. Other projects include a \$1.7 million upgrade to control systems for the Badger Avenue Railroad Bridge, a \$3.9 million retrofit to the wharf supporting the Maritime Museum at Berth 84 and numerous other projects throughout the Port. POLA intends to use cash from operations to finance costs of the Maritime Services Projects.

Environmental and Regulatory Matters

Environmental Compliance. POLA was the first port in the nation to have an Environmental Management Division. POLA’s Environmental Management Division provides full environmental services

related to water, soils and sediments, air and living resources affected by water, soils and sediments and air. In 2003, the LA Harbor Department adopted an environmental policy, which calls for continuous environmental improvement and the implementation of pollution prevention measures. POLA's Environmental Management System meets the specifications of the International Organization for Standardization Standard 14001 for environmental management systems.

POLA is required to comply with the provisions of a number of federal and state laws designed to protect or enhance the environment. The basic environmental assessment laws are the federal National Environmental Policy Act ("NEPA") and the California Environmental Quality Act ("CEQA"). These two laws require consideration and disclosure of environmental impacts of development projects. Other federal environmental laws applicable to POLA include the Resource Conservation and Recovery Act, which governs the treatment and disposal of certain substances; the Clean Water Act and the Marine Protection, Research and Sanctuary Act, which govern the dumping of dredged materials; the Rivers and Harbors Act, which governs navigable waterways; and State and Federal Endangered Species Act. Enforcement agencies include the U.S. Environmental Protection Agency and the U.S. Army Corps of Engineers, California Regional Water Quality Control Board, California Air Resource Board, South Coast Air Quality Management District, and California Department of Toxic Substances Control. POLA also is required to conform to provisions of a number of other State environmental and health safety laws.

In conforming to these laws and the implementing regulations, POLA has instituted a number of compliance programs and procedures to protect the environment, each of which are designed to, among other things, limit POLA's liabilities. In 2006, the Port and POLB established the Clean Air Action Plan (the "CAAP"). See "Clean Air Action Plan" below. POLA's voluntary Vessel Speed Reduction Program has been in place since 2001 and has produced favorable results. POLA also has in place the Technology Advancement Program which evaluates and demonstrates new and emerging emissions treatment technologies. In 2008, POLA implemented the Clean Truck Program which essentially replaced older polluting trucks with newer clean trucks, thereby reducing truck emissions by over 90 percent at the port and the surrounding communities. In the fiscal year ended June 30, 2010, POLA adopted its Water Resources Action Plan aimed at significantly reducing water pollution discharges from land, vessels and the watershed and removing contaminated sediments. All these programs are backed up by long-term monitoring of the applicable media.

Clean Air Action Plan. In 2006, POLA, together with the POLB, developed the CAAP with input from the U.S. Environmental Protection Agency, the California Air Resources Board, and the South Coast Air Quality Management District. The CAAP was updated and reauthorized in 2010. The CAAP is currently undergoing a second update, with final approval expected in late 2016. The CAAP is POLA's comprehensive plan to address air pollution emissions from port-related sources and contains aggressive long-term goals through 2023 to reduce health risk, diesel particulate matter, and nitrogen and sulfur oxides. Pursuant to the CAAP, POLA has undertaken several programs to lower air pollution levels at POLA. Emission sources targeted by the CAAP include ships, trains, cargo handling equipment, harbor craft and heavy duty trucks. Through implementation of the CAAP, since 2005, there has been an 80% reduction in diesel particulate matter, a 90% reduction in sulfur oxides and a 57% reduction in nitrogen oxides emissions from Port-related sources. The CAAP and its associated various measures have cost POLA and POLA's tenants approximately \$250 million to date and the CAAP will continue to require a significant investment by POLA, POLB 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 POLA and POLB. In the fiscal year ended June 30, 2015, fees related to the Clean Truck Program amounted to approximately \$3.5 million. For the fiscal year ending June 30, 2016, POLA has budgeted approximately \$2.0 million for fees related to the Clean Truck Program.

Recent Developments Relating to TraPac EIR. Three of 52 environmental mitigation measures set forth in the TraPac Container Terminal EIR were noted in a 2015 POLA self-audit as being delayed or not fully implemented. POLA was advised by TraPac that two of the measures will be completed in 2016 and the third measure, a road improvement project, has been funded and is in process on a timetable to be set by the City of

Los Angeles Bureau of Engineering. POLA's emission inventories have shown that the throughput and actual emissions at the TraPac Terminal have been well below projections in the EIR

Recent Developments Relating to China Shipping EIR. The EIR completed for the China Shipping Project (the "China Shipping EIR") includes 52 mitigation measures to reduce impacts to air quality, noise, and transportation. In 2008, at the time POLA adopted the China Shipping EIR, many of the mitigation measures set forth therein had never been attempted anywhere in the world. POLA believed, at that time, that these measures, although far-reaching, were realistic and could be accomplished within a reasonable timeframe, and the majority of the mitigation measures have been or will be accomplished. POLA is currently preparing a Supplemental Environmental Impact Report (the "China Shipping SEIR") with respect to the China Shipping Project that will analyze, through the public process under CEQA, eleven of the mitigation measures set forth in the China Shipping EIR that were noted in a 2015 POLA self-audit as being delayed or not fully implemented. The China Shipping SEIR will assess the environmental impacts of possible changes based upon the feasibility and availability of alternative technologies and other factors. POLA also is negotiating with China Shipping to amend its lease with POLA to incorporate the mitigation measures to be set forth in the China Shipping SEIR. Negotiations between POLA and China Shipping are progressing, however challenges remain because some of the mitigation measures may be infeasible due to the lack of technology, the cost of such measures and/or the operational challenges of such measures. POLA's emission inventories have shown that the throughput and actual emissions at the China Shipping Terminal had been at or below the projections set forth in the China Shipping EIR.

POLA has entered into a tolling and standstill agreement with Natural Resources Defense Council, San Pedro And Peninsula Homeowners' Coalition, San Pedro Peninsula Homeowners United, Inc. and Coalition For Clean Air, pursuant to which such parties are contending that POLA may be in violation of certain of the mitigation measures set forth in the China Shipping EIR. POLA also has received a request for a tolling agreement from the South Coast Air Quality Management District ("SCAQMD"), pursuant to which SCAQMD also is contending that POLA failed to timely implement certain of the mitigation measures set forth in the China Shipping EIR. Both agreements toll the statute of limitations for these alleged claims indefinitely, and may be terminated by any party on 60-days notice. POLA disagrees with, disputes and denies all of these claims. As of the date of this Official Statement, it is unknown whether these claims could ultimately lead to potential litigation. Any potential requested remedies are also unknown, but could include requests for injunctive relief. POLA does not currently expect any claims to involve monetary damages. The claims and any potential litigation may also be mooted out by the China Shipping SEIR.

Stevedoring and Cargo Handling

Arranging for cargo handling services is the responsibility of each shipping line. Cargo handling at POLA is provided pursuant to a contract between the Pacific Maritime Association (the "Association") and the International Longshore and Warehouse Union ("ILWU"). The Association represents most of the steamship lines, marine terminal operators, car loading bureaus and cargo companies on the Pacific Coast. Most ILWU employees work under contract with the Association. 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 POLA and POLB since September 2014. POLA'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 decreased only slightly (0.23%).

Since 2002, there have been two other periods of prolonged labor unrest which led to an interruption of the normal course of business at POLA. In October 2002, after the Association and the ILWU failed to negotiate a new contract, the shipping lines instituted a lock out of the stevedoring companies, thereby shutting down all West Coast ports, including POLA, for ten days. Work resumed when then-President Bush ordered the ports to re-open pursuant to the Taft Hartley Act. Additionally, in November 2012, after the Harbor Employers Association (“HEA”) and ILWU Marine Clerks Association Local 63 Office Clerical Unit (“ILWU 63”) failed to negotiate a new contract, the approximately 600 clerical workers represented by ILWU 63 walked off the job. Although only about 450 clerical workers throughout both POLA and POLB participated in the strike, thousands of workers represented by a sister union refused to cross the picket lines. As a result, 10 out of the 14 terminals at POLA and POLB were shut down for eight days. Work resumed when the HEA and ILWU 63 reached a tentative agreement whereby ILWU 63 members received modest increases in wage and pension benefits, and the HEA promised to outsource no more than 14 jobs over a four-year period.

Other than the periods of unrest which occurred in 2002, 2012 and 2014/15, there has generally been a history of cooperative working relationships between the ILWU and the employer groups represented by the Association and HEA. POLA understands that the risk of a work slowdown is the greatest as negotiations get closer to the end of the current contract and until a new agreement is reached. Prolonged work slowdowns or stoppages, if they occur, could adversely affect POLA revenues and its ability to pay any Shortfall Advances.

San Pedro Bay Port’s Cooperative Working Agreement

On February 27, 2015, the U.S. Federal Maritime Commission approved an amendment to a cooperative working agreement previously entered into by POLA and POLB. The amendment allows the two ports to discuss and agree on projects and programs that address congestion issues (including, establishing initiatives to increase terminal productivity, facilitate chassis availability and usage, and improve drayage truck turn times), transportation infrastructure needs and the reduction of pollution caused by port-related activities.

On April 23, 2015, POLA and POLB hosted a meeting of supply chain stakeholders to gather input, insights and solutions focused on improving the performance of the supply chain. On May 27, 2015, POLA and POLB announced the creation of issue-specific working groups focusing on peak operations and terminal optimization to develop ways to strengthen the competitiveness of the San Pedro Bay Ports.

Outstanding Indebtedness

As of December 31, 2015, POLA had approximately \$951 million in parity debt outstanding, comprised of long-term revenue bonds. The long-term revenue bonds mature on or before 2045 and bear interest at rates between 2.00% and 5.50%. POLA also is authorized to issue commercial paper notes (collectively with the long-term revenue bonds, the “POLA Parity Obligations”) from time to time in an aggregate principal amount not to exceed \$200,000,000 at any one time. As of the date of this Official Statement, POLA has no commercial paper notes outstanding. POLA’s commercial paper program is supported by a liquidity facility provided by Mizuho Bank Ltd., acting through its New York Branch, which has an expiration date of August 24, 2018.

POLA Parity Obligations are special, limited obligations of POLA payable solely from revenues of POLA, which are generally derived from ownership and operation of POLA and which include shipping revenue, rental revenue and fee and royalty revenue. Neither the full faith and credit nor the taxing power of the City of Los Angeles, the State of California or any political subdivision thereof is pledged to payment or principal of, premium, if any, or interest on the POLA Parity Obligations. POLA has no taxing power. The POLA Parity Obligations are senior in payment to POLA’s obligation to make Shortfall Advances.

Audited Financial Statements

The audited financial statements of POLA for the fiscal years ended June 30, 2015 and 2014, and the report of the auditor dated November 23, 2015, are included below in this Appendix B. Simpson & Simpson, the independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements of POLA addressed in that report. Simpson & Simpson also has not performed any procedures relating to POLA's information included in this Official Statement.

**AUDITED FINANCIAL STATEMENTS OF
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES)
FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

APPENDIX C
THE PORT OF LONG BEACH, INCLUDING AUDITED FINANCIAL STATEMENTS

THE PORT OF LONG BEACH

The City of Long Beach, acting by and through its Board of Harbor Commissioners (“POLB”) is obligated only to make certain payments required by the Operating Agreement and is not responsible for paying, and is not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. The Bonds are not secured by a lien on any properties or improvements of the City of Long Beach or of POLB, or by a pledge of any revenues of POLB. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations” in the forepart of this Official Statement. Under certain circumstances, the Operating Agreement requires POLB to pay Shortfall Advances, the payment of which is a limited obligation, payable solely from POLB’s net revenues, after all of POLB’s other obligations, including operation and maintenance costs, are paid. See “AUTHORITY REVENUES—Shortfall Advances” and “INVESTOR CONSIDERATIONS—Shortfall Advances are Limited, Subordinate Obligations of the Ports” in the forepart of this Official Statement. POLB has agreed that it will include in its budget Shortfall Advances of which it has notice, but POLB is not required to reserve or to set aside any funds, and has not reserved or set aside funds, for such purposes, and the payment of Shortfall Advances by POLB is payable after all of POLB’s other obligations, including operation and maintenance costs, have been paid.

The information about POLB in this Official Statement was provided by POLB. The Authority makes no representation concerning such information.

POLB and Port Facilities

General. POLB is a harbor complex that 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 of Long Beach. The harbor complex is owned by the City of Long Beach and is operated and managed by the Harbor Department of the City of Long Beach (the “LB Harbor Department”). Exclusive control and management of the LB Harbor Department is vested in the City of Long Beach Board of Harbor Commissioners. POLB has approximately 31.5 miles of waterfront with 65 deep-water cargo berths, several of which are and will be capable of servicing the largest commercial ships currently afloat or being designed. Container terminals occupy 1,339 acres, auto terminals occupy 144 acres, breakbulk and general cargo occupy 77 acres, dry bulk terminals occupy 84 acres and petroleum and liquid bulk occupy 44 acres. POLB has six container terminals with 68 cranes, all of which are post-panamax cranes (all of which are owned by the tenants), and three container freight stations. Five container terminals are served by on-dock railyards. Additional cargo handling facilities include five transit sheds. 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. In all, POLB owns 82 miles of rail trackage. Current LB Harbor Department plans envision enlarging and consolidating several of the container terminals due to the demand for larger facilities.

POLB is protected by a federally financed breakwater more than nine miles in length. Water depths throughout the port range from 76 feet at the entrance channel to 45 feet in the inner harbor and 55 feet in part of the middle harbor. Depth alongside wharves ranges from 32 to 50 feet, except that the bulk petroleum terminal provides berthing depths of more than 70 feet. This facility, at maximum depth, is capable of handling supertankers of up to 265,000 dead weight tons. See “POLB Capital Improvement Program—Long Beach Harbor Dredging.”

Shipments to and from POLB can be received or dispatched by water, rail or truck. The two Railroads, BNSF and Union Pacific, serve POLB. These rail carriers have connections with POLB’s rail system and offer reciprocal switching arrangements. In addition, POLB is located at the end of Interstate 710 (the “Long Beach Freeway”), which provides access to the interstate highway system. Major highway carriers serve POLB and provide transportation to all parts of the United States, as well as to the Intermodal Container Transfer Facility (the “ICTF”), a specialized rail yard for the transfer of containers between trucks and railcars located four miles

from POLB, 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 POLB and the Port of Los Angeles (“POLA”). The ICTF is now operated by Union Pacific.

POLB’s cargo-handling facilities are diverse. Some of the largest facilities, or terminals, are under long-term lease agreements. See “—Source of Funds for Payment of Shortfall Advances” and “—Major Tenants.” Cargo terminal operations at POLB generally can be divided into four categories: container, dry bulk, general cargo and petroleum/liquid bulk. Descriptions of these operations are provided below.

Container Terminals. Containerized cargo represents the largest source of revenue for the LB Harbor Department. For the 12 months ended September 30, 2015, containerized cargo accounted for approximately 76% of the LB Harbor Department’s total operating revenues, primarily from the collection of wharfage. According to the American Association of Port Authorities, during calendar year 2014, POLB was the number-two ranked port in the nation, in terms of container cargo, handling approximately 6.8 million TEUs. According to statistics compiled by the World Shipping Council, during calendar year 2013 (the latest information available), POLB was the 21st busiest container port in the world. POLB handled approximately 7.2 million TEUs during calendar year 2015. The following is a summary of the major container facilities at POLB.

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.

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 Redevelopment Project.” The facilities on Piers D and E are currently out of service as the LB Harbor Department constructs the Middle Harbor Redevelopment Project.

In 2012, the LB Harbor Department and Orient Overseas Container Line LLC (“OOCL”) entered into a 40-year preferential assignment agreement for the Middle Harbor Terminal. When Phase 1 at the Middle Harbor Terminal is complete and becomes operational in 2016, the Middle Harbor Terminal will consist of 193 acres and the LB Harbor Department expects the facility will be capable of handling ships carrying approximately 22,000 TEUs. Once the overall Middle Harbor 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 LB Harbor Department expects the agreement will generate a minimum of approximately \$4.6 billion of operating revenue for the LB Harbor Department over the 40-year term. The facility will be operated by OOCL’s subsidiary, Long Beach Container Terminal, LLC. See “POLB Capital Improvement Program—Middle Harbor Redevelopment (Piers D, E and F)” below.

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 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 Hanjin Shipping Company, Ltd. (“Hanjin”), Mediterranean Shipping Company and Marine Terminals, Inc.) operates POLB’s largest container terminal on Pier T (the “Pier T Container Terminal”). The Pier T Container Terminal is an approximately 380-acre facility that includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers and an on-dock railyard. The Pier T Container Terminal has fourteen 65-ton gantry cranes. The facilities at the Pier T Container Terminal can handle ships carrying up to 18,000 TEUs.

Dry Bulk Facilities. For the 12 months ended September 30, 2015, dry bulk accounted for approximately 8% of the LB Harbor Department’s total operating revenue, primarily through the collection of wharfage. The following describes the major dry bulk facilities at POLB.

Piers G and F. Approximately 7.0 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 2015 and 2014. 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 POLB 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 POLB. CEMEX Pacific Coast Cement Corporation operates a 50,000-ton capacity bulk cement terminal from Pier D. This terminal has six silos and a pollution-free enclosed unloader that can unload directly into the silos. The screw type unloader has a capacity to handle up to 800 tons of cement per hour. A second cement terminal is located on Pier F and utilizes a vacuum type unloader. Operated by MMC Terminal, Inc., this facility can handle 800 tons per hour and, instead of a silo system, utilizes a warehouse (with a capacity of 52,000 tons) to house and transfer product.

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

General Cargo. For the 12 months ended September 30, 2015, general cargo accounted for approximately 7.5% of the LB Harbor Department's total operating revenue, primarily through the collection of wharfage and facilities rentals. Below is a description of the major general cargo facilities at POLB.

Vehicles. The Toyota Motor Sales automobile terminal occupies a total of 144 acres in the northern area of POLB on Pier B. Vehicles are unloaded at this terminal, cleaned, processed and transported to destinations from Southern California to the Midwest. Approximately 204,000 vehicles were shipped through this terminal during fiscal year 2015 as compared to approximately 214,000 vehicles during fiscal year 2014. 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 68,000 vehicles in fiscal year 2015 and approximately 79,000 vehicles in fiscal year 2014 through these facilities.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge to POLB from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 150 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 ended September 30, 2015, petroleum/liquid bulk produced approximately 5% of the LB Harbor Department's total operating revenue, primarily through the collection of wharfage per barrel. POLB 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 2015 was approximately 31.0 million metric tons as compared to approximately 29.7 million metric tons during fiscal year 2014.

Source of Funds for Payments of Shortfall Advances

POLB derives income from tariffs assessed on shipping activity (primarily wharfage and dockage) and from leases, rentals and utility services. POLB 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 Long Beach Harbor District. The current tariffs are published in the Port of Long Beach Tariff No. 4. POLB, like POLA and all other California public ports, controls and determines its own individual tariff structures, but cooperates with other California ports in setting tariff rates through membership in CAPA.

Property agreements for industrial and commercial use constitute one of POLB's largest and most stable sources of income. POLB currently has agreements with approximately [325] different entities (approximately 85% of which are private companies). These agreements include, preferential assignments, leases, revocable permits, and area assignments. Over the last five years, property agreements covering waterfront property and facilities have generated in excess of 95% of POLB's operating revenues. Under these agreements, POLB assigns or leases property and facilities to terminal operators for original terms of up to 40 years. The property agreements with POLB's current top ten revenue producers have expiration dates ranging from 2019 to 2051, with nine of these expiring between 2019 and 2034. Under most of the current property arrangements, the terminal operators are responsible for the operation and maintenance of the property and facilities, but POLB retains responsibility for maintaining the structural integrity of the piers, wharves, bulkheads, retaining walls and fender systems.

Most of POLB's property agreements entered into by the cargo terminal operators are in the form of preferential assignment agreements and require terminal operators to pay varying percentages of the tariff charges for wharfage, dockage, storage and demurrage collected at the properties and facilities covered by such agreements, subject to a guaranteed minimum payment. These agreements require that the compensation payable to POLB be renegotiated every five years and provide that if the parties cannot agree, compensation is to be set through arbitration. The 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 POLB will be reduced in proportion to the interference with operations.

For the five fiscal years ended September 30, 2015, revenues from non-waterfront properties and miscellaneous sources accounted for approximately 3.5% of POLB'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.

The following table presents a summary of the LB Harbor Department's operating revenues for the five fiscal years ending September 30, 2015.

The following sets forth the total revenue tonnage handled by POLB’s facilities in the fiscal years ended September 30, 2011 through 2015.

TABLE C-1

**PORT OF LONG BEACH
OPERATING REVENUES
FISCAL YEARS ENDED SEPTEMBER 30
(thousands)**

	2011	2012	2013	2014	2015¹
Berths & Special Facilities					
Wharfage	\$279,734	\$268,080	\$296,623	\$307,814	\$313,074
Dockage	12,003	11,705	12,055	10,877	10,772
Bunkers	1,547	1,373	1,375	703	105
Special Facilities Rentals	22,814	28,188	12,426	13,768	16,247
Crane Rentals	12,789	12,760	12,789	12,789	2,372
Other	100	319	601	570	620
Total Berths & Special Facilities	\$328,987	\$322,425	\$335,869	\$346,258	\$343,190
Rental Properties	14,138	9,577	9,374	9,360	9,881
Utilities/Miscellaneous	2,265	1,885	1,001	1,262	2,435
Total Operating Revenues	\$345,390	\$333,887	\$346,244	\$356,880	\$354,506

¹ Unaudited.

Source: LB Harbor Department.

The Charter of the City of Long Beach and certain POLB resolutions require that all POLB revenues be deposited with the Treasurer of the City of Long Beach and set aside in the Long Beach Harbor Revenue Fund, which is established by the Long Beach Charter. From moneys on deposit in the Long Beach Harbor Revenue Fund, the Treasurer of the City of Long Beach transfers funds, as necessary, to pay debt service on POLB’s outstanding indebtedness, as well as the reasonable expenses of management and other expenses necessary to operate, maintain and preserve the facilities in good repair and working order. Any revenues remaining in the Long Beach Harbor Revenue Fund after the above described transfers may be used for any lawful purpose, including, among other things, Shortfall Advances. See also “—Transfer to City of Long Beach” below.

Major Tenants

The following companies (listed alphabetically) represent the LB Harbor Department’s twenty-two largest customers in terms of revenues as of September 30, 2015. These customers accounted for approximately 96% of the LB Harbor Department’s operating revenues in fiscal year 2015, with the largest single customer accounting for approximately 23% of annual operating revenues.

TABLE C-2

**PORT OF LONG BEACH
LEADING REVENUE PRODUCERS
AS OF FISCAL YEAR 2015
(Listed Alphabetically)**

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

Source: LB Harbor Department

TABLE C-3

**PORT OF LONG BEACH
REVENUE TONNAGE SUMMARY
FISCAL YEARS ENDED SEPTEMBER 30**
(in metric revenue tons⁽¹⁾)

	2011	2012	2013	2014	2015
MUNICIPAL BERTHS					
Inbound Cargo					
Foreign	96,907,924	91,490,393	101,026,699	104,245,298	98,464,085
Coastwise/Intercoastal	16,054,362	15,793,069	18,476,723	17,998,456	26,060,757
Total Inbound Cargo	112,962,286	107,283,462	119,503,422	122,243,754	124,524,842
Outbound Cargo					
Foreign	36,209,860	33,278,391	36,768,609	37,066,641	33,592,125
Coastwise/Intercoastal	3,507,497	3,270,377	5,141,434	5,348,303	4,843,410
Bunkers	1,545,586	1,311,310	843,291	866,945	1,313,215
Total Outbound Cargo	41,262,943	37,860,078	42,753,334	43,281,889	39,748,750
Total Municipal Cargo	154,225,229	145,143,540	162,256,756	165,525,643	164,273,592
PRIVATE BERTHS					
Inbound	191,568	-	-	-	-
Outbound	-	-	-	-	-
Total Private Cargo	191,568	-	-	-	-
GRAND TOTAL	154,416,797	145,143,540	162,256,756	165,525,643	164,273,592
Container Count in TEUs ⁽²⁾	6,298,840	5,857,210	6,647,975	6,817,590	7,087,699

⁽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: LB Harbor Department

The following is a breakdown of cargo handled by POLB at municipal berths during fiscal years 2014 and 2015 in tonnage and revenue:

TABLE C-5

**PORT OF LONG BEACH
REVENUE TONNAGE BY CARGO TYPE
FISCAL YEARS ENDED SEPTEMBER 30⁽¹⁾**
(in thousands of metric revenue tons)

	2014				2015 ⁽²⁾			
	Metric Revenue Tons (000s)	Percent of Total Tons	Revenue (000s) ⁽³⁾	Percent of Shipping Revenue	Metric Revenue Tons (000s)	Percent of Total Tons	Revenue (000s) ⁽³⁾	Percent of Shipping Revenue
Containerized	125,662	76%	\$279,633	81%	125,105	76%	\$269,886	78%
Dry Bulk	7,771	5	25,665	7	7,029	4	29,253	9
General Cargo	2,400	1	25,416	7	1,140	1	26,695	8
Petroleum/ Liquid Bulk	29,692	18	15,543	4	31,000	19	17,299	5
Totals	165,525	100%	\$346,258	100%	164,274	100%	\$343,133	100%

⁽¹⁾ Reflects cargo handled at municipal berths only.

⁽²⁾ Unaudited.

⁽³⁾ Revenue includes operating revenues from wharfage, dockage, storage/demurrage, bunkers, special facilities rentals, crane rentals and other.

Source: LB Harbor Department

The top five trading countries with the LB Harbor Department for the five fiscal years ending September 30, 2015 are summarized below:

TABLE C-7

**PORT OF LONG BEACH
REVENUE TONNAGE BY LEADING TRADING COUNTRIES
FISCAL YEARS ENDED SEPTEMBER 30**
(Ranked in Fiscal Year 2015 Results)
(in thousands of metric revenue tons)

Countries	2011	2012	2013	2014	2015
Inbound					
China	12,074	11,768	14,868	16,040	15,734
Ecuador	2,908	3,048	2,238	1,764	2,827
Panama	1,091	1,676	2,182	2,607	2,639
Mexico (Gulf of Mexico)	4,141	3,932	4,269	2,749	2,488
South Korea	1,339	1,189	1,203	1,639	1,685
Outbound					
China	9,901	9,142	11,623	8,765	6,957
Japan	4,557	3,936	4,318	4,118	3,415
Mexico	556	1,241	1,524	1,435	1,393
Taiwan	1,768	1,611	1,907	1,848	1,358
South Korea	1,962	1,208	964	973	1,135

Source: LB Harbor Department

In addition to the trading partners listed above, the other major inbound trading countries include Japan, Saudi Arabia, Mexico, Canada and Columbia, and the other major outbound trading countries include Hong Kong, Australia, Indonesia, India, and Vietnam.

The following Tables C-8 and C-9 provide information about the container traffic at POLB for calendar years 2011 through 2015 and for fiscal years 2011 through 2015.

TABLE C-8

**PORT OF LONG BEACH
CONTAINER TRAFFIC
CALENDAR YEARS 2011-2015
(TEUs)**

	2011	2012	2013	2014	2015
Inbound⁽¹⁾	3,024,968	3,062,290	3,455,323	3,517,514	3,625,264
Outbound⁽¹⁾	1,506,692	1,540,188	1,704,932	1,604,394	1,525,560
Empties	1,529,431	1,443,184	1,570,318	1,698,898	2,041,244
Total TEUs	6,061,091	6,045,662	6,730,573	6,820,806	7,192,068

⁽¹⁾ Fully loaded.

Sources: POLB.

TABLE C-9

**PORT OF LONG BEACH
CONTAINER TRAFFIC
FISCAL YEARS ENDED SEPTEMBER 30, 2011-2015
(TEUs)**

	2011	2012	2013	2014	2015
Inbound⁽¹⁾	3,138,899	2,932,078	3,419,793	3,522,875	3,595,595
Outbound⁽¹⁾	1,582,477	1,491,390	1,670,749	1,664,050	1,528,318
Empties	1,577,464	1,433,750	1,557,433	1,630,665	1,963,786
Total TEUs	6,298,840	5,857,218	6,647,975	6,817,590	7,087,699

⁽¹⁾ Fully loaded.

Sources: POLB.

Stevedoring and Cargo Handling

Arranging for stevedoring and cargo handling services is the responsibility of each marine terminal operator. Stevedoring and cargo handling at POLB 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 are Cooper/T. Smith Stevedoring, Metropolitan Stevedore Company (doing business as Metro Ports), Stevedoring Services of America, and Ports America Inc.

The current contract between the Association and 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 POLB and POLA since September 2014. The LB 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 ("Unit 63") of the ILWU, which was honored by the ILWU dock workers, resulted in an eight-day closure affecting only three container terminals in the San Pedro Bay that used Unit 63 workers. Unit 63 and the Los Angeles and Long Beach Harbor Employers Association subsequently agreed to a new contract and the closed terminals were reopened. There was no financial impact to the LB Harbor Department as a result of the Unit 63 strike. Prior to the work stoppage in December 2012, there had been no prolonged work stoppage since October 2002. In October 2002, after the Association and the ILWU failed to agree upon a new contract, the shipping lines and terminal operators instituted a lock-out of the stevedoring companies, thereby shutting down all West Coast ports, including POLB, 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, and as noted above, there has generally been a history of excellent working relationships between the ILWU and the employer group represented by the Association. Prolonged work slowdowns or stoppages, particularly if combined with excessive congestion, could adversely affect revenues of POLB and its ability to pay any Shortfall Advances. The employees of the LB Harbor Department do not work for the tenants of the port or the stevedoring companies.

The LB Harbor Department is actively evaluating the entire supply chain process, including ways to reduce costs, increase efficiencies and build relationships with stakeholders in the supply chain. On February 23, 2015 the Long Beach Board of Harbor Commissioners appointed a Senior Executive for Supply Chain Optimization to lead this long-term strategy. On February 27, 2015 the Federal Maritime Commission approved a cooperative working agreement between the LB Harbor Department and the City of Los Angeles, acting by and through its Board of Harbor Commissioners, that allows the two ports to discuss and agree on projects and programs that address congestion issues, transportation infrastructure needs, and reduce pollution caused by port-related activities.

Summary of Historical Operating Results

The following table shows POLB's Statement of Revenues and Expenses for the five fiscal years ending September 30, 2015.

TABLE C-10

PORT OF LONG BEACH
COMPARATIVE SUMMARY OF STATEMENTS OF REVENUES AND EXPENSES
FISCAL YEARS ENDED SEPTEMBER 30⁽¹⁾
(thousands)

	2011	2012	2013	2014	2015 ⁽²⁾
Port Operating Revenues:					
Berths/Special Facilities	\$328,987	\$322,425	\$335,869	\$346,258	\$343,134
Rental Properties	14,138	9,577	9,374	9,360	9,881
Miscellaneous	2,265	1,885	1,001	1,262	2,435
Total Port Operating Revenues	\$345,390	\$333,887	\$346,244	\$356,880	\$355,450
Port Operating Expenses:					
Operating/Administrative	\$81,423	\$87,637	\$97,696	\$108,455	\$133,771
Depreciation/Amortization	85,005	88,523	90,850	117,966	137,709
Total Port Operating Expenses	\$166,428	\$176,160	\$188,545	\$226,421	\$271,480
Income from Port Operations	\$178,962	\$157,727	\$157,699	\$130,459	\$83,970
Non-Operating Revenues (Expenses):					
Clean Air Action Plan Income (Loss)	\$(3,573)	\$(3,926)	\$(3,420)	\$(2,474)	\$(3,488)
Gain/(Loss) From Harbor Oil Operations	1,525	-	-	-	-
Gain/(Loss) on Sale of Property	74	7	(6)	16	35,979
Income from Equity in Joint Ventures, Net	-	-	-	-	2,811
Interest Expense, Net of Interest Capitalized	(20,551)	(10,341)	(65)	(1,205)	(878)
Interest Income	4,994	3,302	2,789	6,776	4,036
Other Income (Expense), Net	(27,979)	(1,904)	(182)	(298)	5,048
Total Non-Operating Revenues (Expense)	\$ (45,509)	\$(12,863)	\$(884)	\$2,816	\$43,508
Income Before Transfers and Capital Grants	\$133,452	\$144,865	\$1	\$133,275	\$133,275
			56,815		
Net Operating Transfers	\$(10,379)	\$(16,694)	\$(17,312)	\$(17,844)	\$(17,772)
Capital Grants	7,444	13,627	250,543	178,295	121,008
Loss on Long Term Receivable from Redevelopment Agency	(27,000)	-	-	-	-
Contributions to Others	-	-	-	(10,203)	-
Change in Net Position	\$103,517	\$141,797	\$390,046	\$283,523	230,713
Total Net Position (beginning of fiscal year)	2,548,005	2,651,522	2,793,319	3,178,686	3,462,209
Adjustment for GASB 65 Implementation	-	-	(4,678)	-	-
Adjustment for GASB 68 Implementation	-	-	-	-	(83,104)
Total Adjusted Net Position (beginning of fiscal year)	2,548,005	2,651,522	2,788,640	3,178,686	3,379,105
Total Net Position (end of fiscal year)	2,651,522	2,793,319	3,178,686	3,462,209	\$3,609,818

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Unaudited.

Source: LB Harbor Department

POLB Capital Improvement Program

The LB Harbor Department maintains a 10-year capital plan which sets forth the specific projects the LB Harbor Department expects to develop and construct over the next ten years. The 2016-25 Capital Plan is the LB Harbor Department's current 10-year capital plan. Currently, the 2016-25 Capital Plan has an aggregate estimated cost of approximately \$3.007 billion. Many of the improvements to the piers set forth in the 2016-25 Capital Plan, include, but are not limited to, longer wharves, deeper berths, larger gantry cranes and larger storage areas necessary to accommodate the docking and loading/unloading requirements of the current and future designed ships. Currently, the largest container cargo ships have the capacity to carry upwards of 18,000 TEUs. The facilities at the port are currently being designed and constructed to accommodate the largest container cargo ships that are now in service.

Following is a brief description of some of the major projects included in the 2016-25 Capital Plan:

Middle Harbor Redevelopment (Piers D, E and F). The Middle Harbor redevelopment project (the "Middle Harbor Redevelopment Project") is a 10-year approximately \$1.3 billion modernization of the shipping terminals on Piers D, E and F. The project will consolidate the Pier E terminal (170 acres), the Pier F terminal (101 acres), and the Berth E24 subsided oil area (five acres), into a single, modern, 305-acre container terminal. The project will add on-dock rail capacity, shore-side electrical power, electric rail-mounted gantry cranes, and deeper channels to accommodate the newest container ships. The project is being constructed in two phases. Phase 1 construction was completed in late 2015 and is currently being placed into operation. Construction of Phase 2 began in 2015 and is expected to be completed by 2019. When completed, the Middle Harbor terminal is expected to be able to move an estimated 3 million TEU's annually, twice the amount of cargo that was moved through the old facilities. See "POLB and Port Facilities—Container Terminals—Piers D, E and F" for information about the preferential assignment agreement the LB Harbor Department entered into with OOCL for the Middle Harbor Terminal.

Pier G Redevelopment Project. The Pier G Redevelopment Project is a mostly complete, which consisted of a multi-year renovation of the Pier G Container Terminal that upgraded rail, wharf, gate, container yard, maintenance and administration facilities. The Pier G South Rail Yard Renovation project is the next project in the program, which will add a second lead track to the [PHL line] serving both the Pier G Terminal and the Pier J Terminal, together with reconstruction of the original Pier G on-dock rail yard built over 40-years ago.

Rail Program. A major transportation element of the 2016-25 Capital Plan is to move more cargo by rail instead of by truck. POLB has a significant railroad infrastructure improvement program that includes six rail-related projects with an approximate cost of \$700 million. The rail-related projects are located outside the on-dock container terminal facilities. The project will consist of a "on-dock rail support facility" to be located at Pier B. Currently, POLB is drafting an environmental impact report ("EIR") for the project, which is expected to be released for public comment in 2016. The Pier B on-dock rail support facility is expected to be a 10-year program following EIR certification. 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) enhance the viability of a future short-haul rail shuttle to a potential regional intermodal terminal that could reduce truck trips to and from POLB. 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 POLB by truck.

Gerald Desmond Bridge Replacement Project. The Gerald Desmond Bridge is a vital link in POLB's and POLA's goods movements infrastructure because it connects to 710 Freeway, which is the primary access route for POLB and POLA 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 POLB'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 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. 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 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 LB Harbor Department. The LB Harbor Department anticipates that funding of the project will come from numerous sources, including federal and State grants, [a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan], and revenues of the LB Harbor Department.

As of March 1, 2016, the design of the Gerald Desmond Bridge Replacement Project was approximately 95% complete and construction of the Gerald Desmond Bridge Replacement Project was approximately 49% 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, the LB Harbor Department currently estimates that the bridge will be completed by mid-2018. Following completion of the new bridge, the existing 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 LB 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. The new Port of Long Beach Administrative Headquarters Building project is a part of the proposed City of Long Beach Civic Center. The project anticipates the construction of a building in downtown Long Beach, co-located with a new city hall, library, public park and other shared facilities. The LB Harbor Department's total project cost, including the shared facilities, purchase of land and non-construction cost, is expected to be approximately \$235 million. The procurement is anticipated to be under a design-build approach. Following a request for proposal and selection process, an exclusive negotiations agreement was executed on January 5, 2015 with the preferred developer, Plenary Edgemoor Civic Partners ("Plenary/Edgemoor") The project agreement with Plenary/Edgemoor was approved by the City of Long Beach Board of Harbor Commissioners on December 17, 2015. Construction is expected to start in June 2016 and be completed approximately four years later.

Long Beach Harbor Dredging. The LB Harbor Department has identified several dredging projects that will be in development over the next few years, including, deepening of the channels and berths at Pier J, and deepening of the West Basin approach and Pier T berths. 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 \$100 million

Fire Safety and Security Facilities Program. Fire safety and security facilities projects include the replacement of two obsolete fireboat stations, construction of a joint fire and security operations center, construction of a security support facility and construction of two new fireboats to replace the obsolete fireboats in service now. These projects have an estimated cost of approximately \$225 million.

Pier S. Pier S is an approximately 170-acre site located on the west side of POLB directly north of Pier T. Prior to its purchase by the LB Harbor Department in 1994, Pier S was owned by the Union Pacific Resources Corporation (“UPRC”) and was used as an active oil and gas production field. During the 1950’s and 1960’s, a portion of Pier S was leased by UPRC to the now-defunct TLC Corporation for the shallow impoundment disposal of oil and gas drilling waste. Testing conducted in the early 1980’s indicated that TLC Corporation disposed of materials other than those permitted under the lease with UPRC. The LB Harbor Department has completed remediating the site, which included, among other projects, relocating certain pipelines and utilities and bringing the site to grade by filling the area with more than 5 million cubic yards of clean imported soil. The potential development of the Pier S site will be evaluated as part of the Long Term Land Use study. Currently, the LB Harbor Department is utilizing Pier S for temporary uses. The LB Harbor Department also is planning to widen Cerritos Channel as part of the Pier S wharf construction, to accommodate the next generation of large container vessels. Future landside development of the Pier S site will require the preparation of a new or supplemental EIR and environmental impact statement.

Infrastructure Capital Improvement Programs. The LB 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 LB 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 \$150 million. To proactively monitor and manage infrastructure conditions throughout POLB, the LB Harbor Department intends to update the plan periodically.

POLB expects to finance these capital improvement projects with revenues of POLB, proceeds of revenue bonds, State and federal funds, [a TIFIA loan] and grants and other funds.

Environmental Compliance

General. POLB 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 POLB include the Resources Conservation and Recovery Act, which governs the cleanup, treatment and disposal of hazardous waste; the Clean Air Act, which governs the release of air pollutants; the Toxic Substances Control Act, which governs the handling and disposition of polychlorinated biphenyls (PCBs) and other toxic substances; the Marine Protection, Research and Sanctuary Act, which governs the ocean dumping of dredged materials; the Rivers and Harbors Act, which governs navigable waterways; and the Clean Water Act, which governs discharge of surface waters. Enforcement agencies include the U.S. and California Environmental Protection Agencies and the U.S. Army Corps of Engineers, which rely on consultation and advice from various federal resource agencies.

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

In conforming to these laws and their implementing regulations, POLB 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 POLB 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 POLB-owned buildings for asbestos and associated remedial actions, other hazardous substances site

clean up related to spills, releases and illegal disposal of materials and substances on POLB property by third parties, and monitoring and reporting pursuant to construction permits related to air and water quality.

POLB administers a number of environmental compliance programs, including the preparation by an outside consultant of an environmental facility audit and report of recommendations, and assessment and remediation programs for cleanup of contaminated soil, groundwater and building materials. POLB 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 POLB's marine terminal facilities.

POLB'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.

Air Pollution Reduction Programs. In 2006, POLB, together with POLA, developed the San Pedro Bay Ports Clean Air Action Plan ("CAAP") with input from the United States Environmental Protection Agency's ("EPA") the California Air Resources Board, and the South Coast Air Quality Management District. The CAAP was updated and reauthorized in 2010. The CAAP addresses every category of POLB-related emission sources (ships, trucks, trains, cargo-handling equipment and harbor craft) and outlines specific, detailed strategies to reduce emissions from each category. According to POLB, through implementation of the CAAP, since 2005, there has been an 85% reduction in diesel particulate matter, a 97% reduction in sulfur oxides and a 50% reduction in nitrogen oxides emissions from POLB-related sources. The CAAP has and will require a significant investment by the LB Harbor Department, the POLA and private sector businesses and is intended to expedite the introduction of new and innovative methods of reducing emissions prior to any additional federal or State requirements being imposed on POLB and POLA.

Pursuant to the CAAP, the POLB has undertaken several programs to lower air pollution levels at POLB, including, but not limited to: (a) an incentive-based program that encourages vessels entering POLB and POLA 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 POLB and POLA (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 POLB (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 harbor rail operator 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 established progressively cleaner engine standards for trucks operating at POLB.

Security

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 LB 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 LB Harbor Department's own initiatives, the LB Harbor Department is implementing certain security measures. The LB Harbor Department has installed and implemented a video camera surveillance system with over 450 CCTV cameras to monitor activities throughout POLB complex. To address waterside threats, the LB 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 LB 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 LB Harbor Department has improved and continues to enhance physical security throughout the POLB complex by installing security fencing, lighting, barriers and access control systems. 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 POLB.

In February 2009, the LB Harbor Department opened the Joint Command & Control Center which serves as the LB Harbor Department Security Division and Port Police Division headquarters and functions as a multi-agency incident command post, housing approximately 120 personnel. 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 POLB; this data is shared and communicated with facility security personnel and law enforcement agencies that protect the harbor complex. 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.

Outstanding Indebtedness

As of December 31, 2015, POLB had \$912,990,000 aggregate principal amount of its Harbor Revenue Bonds and Notes outstanding (including, \$325 million of Short-Term Notes), and \$80.0 million of Subordinate Revolving Obligations outstanding provided through two revolving credit agreements (the “Subordinate Revolving Credit Agreements”) POLB entered into with Bank of America, N.A. and Union Bank, N.A., respectively. POLB can borrow up to \$200 million under the Subordinate Revolving Credit Agreements at any one time. In addition to the Harbor Revenue Bonds and Notes and Subordinate Revolving Obligations, POLB has entered into a loan agreement (the “TIFIA Loan Agreement”) with the U.S. Department of Transportation, acting by and through the Federal Highway Administrator (the “TIFIA Lender”), pursuant to which the TIFIA Lender, subject to certain conditions, has agreed to make a loan to POLB in an amount not to exceed \$325 million (the “TIFIA Loan”). If POLB draws on the TIFIA Loan (which would be at or around the time the new Gerald Desmond Bridge is completed), it expects to use the loan proceeds to repay the \$325 million of Short-Term Notes. POLB’s Harbor Revenue Bonds, Notes and Subordinate Revolving Obligations and the principal and interest that will be payable under the TIFIA Loan are and/or will be payable from and are and/or will be secured by a pledge of and a lien and charge upon the LB Harbor Department’s revenues prior to the payment of Shortfall Advances. POLB’s outstanding Harbor Revenue Bonds and Notes bear interest at fixed rates that range from 3% to 6% and mature on or before 2042.

Transfers to City of Long Beach

The Long Beach Charter permits in each fiscal year a transfer (the “5% Transfer”) from the Long Beach Harbor Revenue Fund, subject to the approval of two-thirds of the members of the Long Beach City Council, an amount necessary to meet the lawful obligations of the Long Beach Tideland Operating Fund. Such transfer may not exceed 5% of the gross operating revenues of POLB as shown on the most recent available independently audited financial statements of the LB Harbor Department. The 5% Transfer also is subject to the prior approval of a majority of all the members of the Long Beach Board of Harbor Commissioners, expressed by resolution, finding and determining that the funds proposed to be transferred will not be needed for POLB operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal of and interest on POLB’s Harbor Revenue Bonds or result in noncompliance by POLB of its debt to revenue coverage requirements. In Fiscal Year 2015, the POLB’s 5% Transfer to the Long Beach Tideland Operating Fund was approximately \$17.8 million. The 5% Transfer, if any, is made by POLB prior to any payment of the Shortfall Advances.

Audited Financial Statements

POLB's audited financial statements for the fiscal year ended September 30, 2014, and the report of the auditor dated March 27, 2015, is included below in this Appendix C. KPMG LLP, the independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements of POLB addressed in that report. KPMG LLP also has not performed any procedures relating to POLB's information included in this Official Statement.

**HARBOR DEPARTMENT OF THE CITY OF LONG BEACH
AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

APPENDIX D

THE RAILROADS

The Railroads have not provided the information contained in this Official Statement and have not reviewed this Official Statement. The information concerning the Railroads contained or referred to in this Official Statement has been obtained from publicly available sources and has not been independently verified. The Authority makes no representations about this information.

Available Information

BNSF and the parent corporation of Union Pacific currently are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are required to file reports and other information with the Securities and Exchange Commission (the “SEC”). The reports and other information can be inspected and copied at the public reference facility that the SEC maintains, or may be accessed electronically by means of the SEC’s home page on the Internet (<http://www.sec.gov>). The Authority is not responsible for and makes no representation concerning information filed by BNSF and the parent corporation of Union Pacific.

Each of the Railroads also has covenanted to provide certain financial information for the benefit of holders and beneficial owners of the Series 2016 Bonds. This information is incorporated in documents filed with the SEC. Each of the Railroads has agreed that if in the future it is no longer subject to the informational requirements of Section 13 or 15(d) of the Exchange Act, it will notify the Trustee and will furnish certain financial information and operating data to the MSRB through its EMMA system.

Union Pacific

Union Pacific Corporation, the parent of Union Pacific, has filed with the SEC the following documents:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2015;
- [Quarterly Report on Form 10-Q for the quarter ended March 31, 2016]; and
- Current Reports on Form 8-K filed on March 1, 2016, March 10, 2016 and [_____].

BNSF

BNSF has filed with the SEC the following documents:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2015; and
- [Quarterly Report on Form 10-Q for the quarter ended March 31, 2016]; and
- Current Reports on Form 8-K filed on [_____] and [_____].

APPENDIX E
SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS

APPENDIX F
DTC AND ITS BOOK-ENTRY SYSTEM

APPENDIX G
PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX H

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

[APPENDIX I]

[SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

[APPENDIX J]

[SPECIMEN DEBT SERVICE RESERVE FUND POLICY]

[APPENDIX K]

[REPORT OF THE PORTS' INDEPENDENT CONSULTANT]