



August 8, 2012

Ms. Molly Campbell  
Deputy Executive Director - Finance  
& Administration  
Port of Los Angeles  
425 S. Palos Verdes Street  
San Pedro, CA 90732

Mr. Steven Rubin  
Managing Director, Finance & Support  
Services  
Port of Long Beach  
925 Harbor Plaza  
Long Beach, CA 90802

Dear Ms. Campbell and Mr. Rubin:

**Notice of Port Shortfall Advance**

Pursuant to Section 7.3 (h) (iii) of the Use and Operating Agreement, ACTA is hereby providing notice to each Port of the actual Shortfall Advance due with respect to ACTA's October 1, 2012 debt service payments. **A Shortfall Advance of \$2,950,000.00 from each Port is due no later than Monday, September 24, 2012.** The Shortfall Advance payment should be sent by Federal Funds wire to US Bank, the bond Trustee. Wire instructions will be provided separately.

On March 26, 2012, ACTA provided notice of the estimated Shortfall Advance amount for Fiscal Year 2012/2013. At that time, the total amount of the Shortfall Advance was estimated to be \$6 million. At \$5.9 million, this request is consistent with the March 26, 2012 estimate.

Based on current Port TEU and associated ACTA Revenue projections, Shortfall Advances are not anticipated to continue in future years through 2019. The amount and duration of Shortfall Advances beyond October 1, 2012 is largely dependent on future San Pedro Bay cargo volumes and the mix of local vs. discretionary cargo. While the FRA RRIF financing has been completed, ACTA's future ability to re-structure its debt service obligations through other transactions may also improve ACTA's debt service capability.

If there are any questions please contact me at 310-847-4314.

Sincerely,

James P. Preusch  
Chief Financial Officer