



ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

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August 8, 2011

Ms. Molly Campbell
Deputy Executive Director - Finance
& Administration
Port of Los Angeles
425 S. Palos Verdes Street
Los Angeles, 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, 2011 debt service payments. **A Shortfall Advance of \$2,950,000.00 from each Port is due no later than Thursday, September 22, 2011.** 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 15, 2011, ACTA provided notice of the estimated Shortfall Advance amount for Fiscal Year 2011/2012. At that time, the total amount of the Shortfall Advance was estimated to be \$18 million. Due to increased cargo volumes since that time, Revenues have increased resulting in a reduction in the amount of the Shortfall Advance.

Please note that Revenues will not be sufficient (even after payment of the Shortfall Advance requested herein) to make deposits in certain other funds and accounts, including to replenish Financing Fees, restore the Reserve Account to the Reserve Account Target (\$15 million), or to set aside additional cash in the Administrative Cost Fund.

Based on current Revenue projections, Shortfall Advances may continue to be required in future years. The amount and duration of Shortfall Advances beyond October 1, 2011 is largely dependent on future San Pedro Bay cargo volumes, the mix of local vs. discretionary cargo, and ACTA's ability to re-structure its debt service obligations through the FRA RRIF financing or other transactions.

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

Sincerely,

James P. Preusch
Chief Financial Officer

cc: John T. Doherty, ACTA CEO
Charles Gale ACTA Co-Counsel
Heather McCloskey, ACTA Co-Counsel
Geraldine Knatz, POLA Executive Director
Richard Steinke, POLB Executive Director
Mike Christensen, POLA
Doug Thiessen, POLB

Jerry Wilmoth, Union Pacific
George Sturm, Union Pacific
Ron Bance, Union Pacific
Rollin Bredenberg, BNSF
Kim Cuccaro, BNSF
Marilyn Hardy, BNSF
Valerie Smith, OMM