NEW ISSUES - 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 and original issue discount (including the Accretions (defined below)) on the Tax-Exempt 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 interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Special Tax Counsel is further of the opinion that interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds and the Taxable Bonds is exempt from personal income taxes of the State of California under present State law. See "TAX MATTERS – TAX-EXEMPT BONDS" and "TAX MATTERS – TAXABLE BONDS" herein regarding certain other tax considerations.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

$41,012,719.60
Tax-Exempt Senior Lien Revenue
Refunding Bonds
Series 2024A
$34,222,719.60 Capital Appreciation Bonds
$6,790,000.00 Current Interest Bonds

$10,903,892.10
Taxable Senior Lien Revenue
Refunding Bonds
Series 2024B
Capital Appreciation Bonds

$29,683,160.50
Tax-Exempt Subordinate Lien Revenue
Refunding Bonds
Series 2024C
Capital Appreciation Bonds

$134,632,983.10
Taxable Subordinate Lien Revenue
Refunding Bonds
Series 2024D
Capital Appreciation Bonds

Dated: Date of Delivery **Due: As shown on inside cover page**

The Alameda Corridor Transportation Authority (the "Authority") is issuing its Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds"), its Taxable Senior Lien Revenue Refunding Bonds, Series 2024B (the "Series 2024B Bonds"), its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C (the "Series 2024C Bonds"), and its Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D (the "Series 2024D Bonds", and collectively with the Series 2024A Bonds, the Series 2024B Bonds, and the Series 2024C Bonds, the "Series 2024 Bonds"). The Series 2024A Bonds and the Series 2024C Bonds are sometimes referred to herein as the "Tax-Exempt Bonds." The Series 2024B Bonds and the Series 2024D Bonds are sometimes referred to herein as the "Taxable Bonds." The Series 2024A Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Senior Lien Revenue Bonds, Series 1999A (the "Series 1999A Bonds") (maturing on October 1, 2030, 2031, 2032, and 2033), who elected to tender such Series 1999A Bonds to the Authority; (ii) to pay the purchase price to a portion of the holders of the Authority's Outstanding Taxable Senior Lien Revenue Refunding Bonds, Series 2022B (the "Series 2022B Bonds") (maturing on October 1, 2046), who elected to tender such Series 2022B Bonds to the Authority; (iii) to purchase from Assured Guaranty Municipal Corp. ("AGM" or the "Series 2024 Bond Insurer") a debt service reserve fund surety policy for the Series 2024A Bonds; (iv) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024A Bonds; and (v) to pay costs of issuing the Series 2024A Bonds, including costs of the associated tender. The Series 2024B Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Taxable Senior Lien Revenue Bonds, Series 1999C (the "Series 1999C Bonds") (maturing on October 1, 2030, 2031, 2032, and 2033), who elected to tender such Series 1999C Bonds to the Authority; (ii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024B Bonds; (iii) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024B Bonds; and (iv) to pay costs of issuing the Series 2024B Bonds, including costs of the associated tender. The Series 2024C Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A (the "Series 2004A Bonds") (maturing on October 1, 2029 and 2030), who elected to tender such Series 2004A Bonds to the Authority; (ii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024C Bonds; (iii) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024C Bonds; and (iv) to pay costs of issuing the Series 2024C Bonds, including costs of the associated tender. The Series 2024D Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B (the "Series 2004B Bonds") (maturing on October 1, 2026, 2027, 2028, 2029, 2031, 2032, and 2033), who elected to tender such Series 2004B Bonds to the Authority; (ii) to defease $35,000,000 of the Series 2004B Bonds maturing on October 1, 2026 to their maturity; (iii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024D Bonds; (iv) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024D Bonds; and (v) to pay costs of issuing the Series 2024D Bonds, including costs of the associated tender.

The Series 2024 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 Trust Company, National Association (as successor in trust to U.S. Bank National Association), as trustee. Except as described herein, the Series 2024 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 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 Amended and Restated Alameda Corridor Use and Operating Agreement, dated as of December 15, 2016, as the same may be amended or supplemented, among the Authority, the Ports and the Railroads, 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 Series 2024 Bonds.

The Series 2024 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Series 2024 Bonds may be made in book-entry form only, in the authorized denominations further described herein. Purchasers will not receive certificates representing their interests in the Series 2024 Bonds. No payments are due to the owners of the Series 2024 Bonds that are Capital Appreciation Bonds until their respective maturity dates, as described herein. Current interest on the Series 2024 Bonds that are Current Interest Bonds will be payable each April 1 and October 1, commencing on April 1, 2024. So long as the Series 2024 Bonds are held by DTC, the principal or Accreted Value of and the interest on the Series 2024 Bonds will be payable to DTC, which in turn will be required to remit such principal, or Accreted Value and interest to the DTC participants for subsequent disbursement to beneficial owners of the Series 2024 Bonds.

The Series 2024 Bonds are subject to optional and extraordinary redemption and mandatory sinking fund redemption prior to maturity as described herein.

The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the Accreted Value of) and interest on the Series 2024 Bonds when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of the Series 2024 Bonds by the Series 2024 Bond Insurer.

ASSURED GUARANTY® MUNICIPAL

There are risks associated with the purchase of the Series 2024 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 2024 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 2024 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 2024 BONDS, AND THE SERIES 2024 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 2024 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, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. Sheppard, Mullin, Richter & Hampton 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 2024 Bonds will be made through DTC on or about February 6, 2024.

J.P. Morgan **RBC Capital Markets, LLC**

Goldman Sachs & Co. LLC **Ramirez & Co., Inc.** **Siebert Williams Shank & Co., LLC**

January 23, 2024

$41,012,719.60
TAX-EXEMPT SENIOR LIEN REVENUE REFUNDING BONDS
SERIES 2024A

$34,222,719.60
Series 2024A Capital Appreciation Bonds

Maturity Date (October 1)	Initial Amount	Yield to Maturity	Initial Amount per $5,000 Accreted Value at Maturity	CUSIP No. (010869)†
2051	$ 8,538,263.60	4.860%	$1,325.20	MG7
2052	11,675,776.00	4.880	1,256.00	MH5
2053	14,008,680.00	4.900	1,190.00	MJ1

$6,790,000.00
Series 2024A Current Interest Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. (010869)†
2043	$6,790,000.00	5.000%	3.620%	112.103[C]	MK8

$10,903,892.10
TAXABLE SENIOR LIEN REVENUE REFUNDING BONDS
SERIES 2024B
Capital Appreciation Bonds

Maturity Date (October 1)	Initial Amount	Yield to Maturity	Initial Amount per $5,000 Accreted Value at Maturity	CUSIP No. (010869)†
2043	$ 193,535.30	6.138%	$1,523.90	LQ6
2046	6,089,100.30	6.198	1,254.45	LR4
2050	2,054,511.60	6.281	961.85	LS2
2051	2,566,744.90	6.301	899.35	LT0

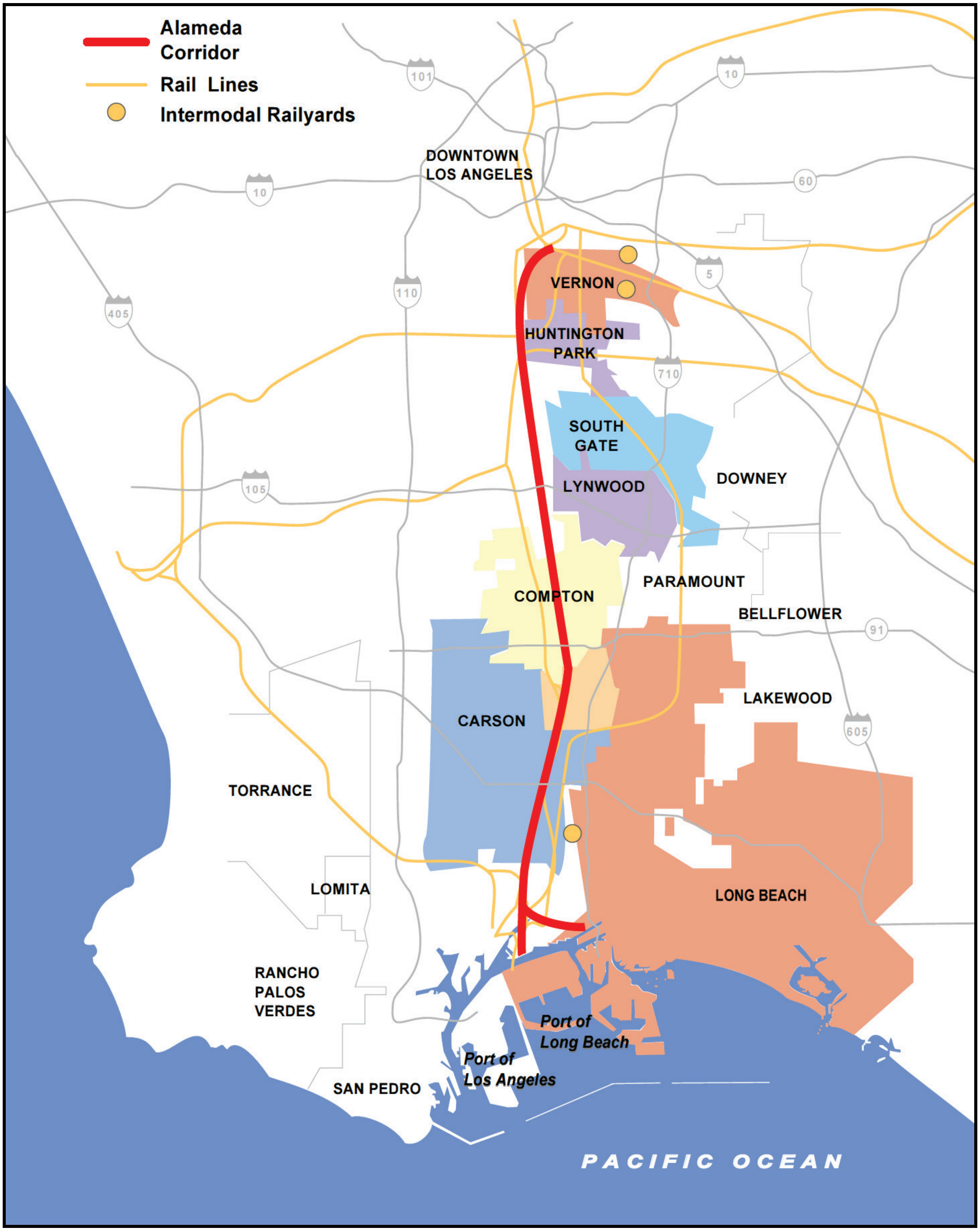
[C] Priced to October 1, 2034, the first date that the Series 2024A Bonds can be optionally redeemed.

$29,683,160.50
TAX-EXEMPT SUBORDINATE LIEN REVENUE REFUNDING BONDS
SERIES 2024C
Capital Appreciation Bonds

Maturity Date (October 1)	Initial Amount	Yield to Maturity	Initial Amount per $5,000 Accreted Value at Maturity	CUSIP No. (010869)[†]
2049	$ 6,607,443.75	4.900%	$ 1,444.25	ML6
2053	23,075,716.75	5.030	1,146.05	MM4

$134,632,983.10
TAXABLE SUBORDINATE LIEN REVENUE REFUNDING BONDS
SERIES 2024D
Capital Appreciation Bonds

Maturity Date (October 1)	Initial Amount	Yield to Maturity	Initial Amount per $5,000 Accreted Value at Maturity	CUSIP No. (010869)[†]
2038	$ 14,551,741.35	6.238%	$ 2,032.65	LU7
2039	13,643,264.25	6.258	1,905.75	LV5
2040	12,683,958.25	6.328	1,771.75	LW3
2041	11,877,138.95	6.348	1,659.05	LX1
2042	11,117,211.10	6.368	1,552.90	LY9
2043	10,402,027.00	6.388	1,453.00	LZ6
2044	9,729,081.00	6.408	1,359.00	MA0
2045	11,098,691.00	6.428	1,270.60	MB8
2046	12,338,792.95	6.448	1,187.45	MC6
2047	13,456,415.50	6.468	1,109.35	MD4
2048	13,734,661.75	6.491	1,035.25	ME2


Alameda Corridor
Rail Lines
Intermodal Railyards
101
10
60
DOWNTOWN LOS ANGELES
5
110
405
710
VERNON
HUNTINGTON PARK
SOUTH GATE
LYNWOOD
DOWNEY
105
COMPTON
PARAMOUNT
BELLFLOWER
91
CARSON
LAKEWOOD
605
TORRANCE
LOMITA
LONG BEACH
RANCHO PALOS VERDES
Port of Long Beach
Port of Los Angeles
SAN PEDRO
PACIFIC OCEAN

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

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

GOVERNING BOARD

Hon. Suely Saro, *Chair*
Councilmember, City of Long Beach

Hon. Tim McOsker, *Vice Chair*
Councilmember, City of Los Angeles

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EXECUTIVE STAFF

Michael Leue, *Chief Executive Officer*

Kevin Scott, *Chief Financial Officer*

Graham Christie, *Chief Operating Officer*

Marla Bleavins, *Treasurer*

Heather M. McCloskey, *Co-General Counsel;* Thomas Oh, *Co-General Counsel*

BOND COUNSEL

O'Melveny & Myers LLP
Los Angeles, California

SPECIAL TAX COUNSEL

Nixon Peabody LLP
San Francisco, California

DISCLOSURE COUNSEL

Sheppard Mullin Richter & Hampton LLP
Los Angeles, California

TRUSTEE

U.S. Bank Trust Company, National Association
Los Angeles, California

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Los Angeles, California

Frasca & Associates LLC
New York, New York

VERIFICATION AGENT

Robert Thomas CPA, LLC
Kansas City, Kansas

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 2024 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 2024 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 or the Railroads 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.

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

AGM makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "THE SERIES 2024 BOND INSURER" and "APPENDIX J - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

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 overallot or effect transactions that stabilize or maintain the market price of the Series 2024 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Authority and the Ports maintain websites, however, the information presented on such websites is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2024 Bonds.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

ANY REFERENCES TO THE "ISSUER" UNDER THIS HEADING "INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES" MEAN THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY. AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE SERIES 2024 BONDS OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

ONLY THE TAXABLE BONDS WILL BE OFFERED IN JURISDICTIONS OUTSIDE OF THE UNITED STATES.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "**MIFID II**"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "**INSURANCE DISTRIBUTION DIRECTIVE**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("**EUWA**"); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "**FSMA**") AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "**UK PRIIPS REGULATION**") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM

AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION OR SECTION 86 OF THE FSMA (IN EACH CASE AS APPLICABLE) FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION AND IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("**FSMA**") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**FINANCIAL PROMOTION ORDER**"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("**FINSA**") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS PURSUANT TO (I) THE FINSA OR (II) THE LISTING RULES OF THE SIX SWISS EXCHANGE AG OR ANY OTHER REGULATED TRADING VENUE IN SWITZERLAND AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. THIS OFFICIAL STATEMENT WILL NOT BE REVIEWED NOR APPROVED BY A REVIEWING BODY FOR PROSPECTUSES (*PRÜFSTELLE*).

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("**FINMA**"), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("**CISA**"). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

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NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

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INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "**FIEA**"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("**QIIS**") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY, TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

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OFFICIAL STATEMENT

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

$41,012,719.60 **Tax-Exempt Senior Lien Revenue Refunding Bonds** **Series 2024A** **$34,222,719.60 Capital Appreciation Bonds** **$6,790,000.00 Current Interest Bonds**	**$10,903,892.10** **Taxable Senior Lien Revenue Refunding Bonds** **Series 2024B** **Capital Appreciation Bonds**
$29,683,160.50 **Tax-Exempt Subordinate Lien Revenue Refunding Bonds** **Series 2024C** **Capital Appreciation Bonds**	**$134,632,983.10** **Taxable Subordinate Lien Revenue Refunding Bonds** **Series 2024D** **Capital Appreciation Bonds**

INTRODUCTION

Changes from the Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated January 5, 2024, as supplemented by the Supplement to the Preliminary Official Statement dated January 22, 2024 (the "Preliminary Official Statement"). The new information consists of (i) information regarding the principal amounts, maturity dates, interest rates, prices and other terms of the Series 2024 Bonds (as defined below); (ii) the Alameda Corridor Transportation Authority's (the "Authority") acceptance of the Tendered Bonds (as defined below) as set forth in the Notice of Acceptance regarding the Invitation to Tender Bonds dated January 24, 2024 (the "Notice of Acceptance"); and (iii) information regarding Assured Guaranty Municipal Corp. ("AGM" or the "Series 2024 Bond Insurer") and the terms of the Series 2024 Bond Insurance Policies (as defined below). Adjustments were made to the "PLAN OF FINANCE" portion of this Official Statement based on the foregoing.

General

This Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is furnished to provide information concerning the proposed issuance by the Authority of (i) $41,012,719.60 aggregate principal amount of its Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds"), consisting of the following Series 2024A Bonds: $34,222,719.60 principal amount of Series 2024A Capital Appreciation Bonds ("the Series 2024A Capital Appreciation Bonds") and $6,790,000.00 principal amount of Series 2024A Current Interest Bonds (the "Series 2024A Current Interest Bonds"); (ii) $10,903,892.10 aggregate principal amount of its Taxable Senior Lien Revenue Refunding Bonds, Series 2024B (the "Series 2024B Bonds"), which will consist of Capital Appreciation Bonds; (iii) $29,683,160.50 aggregate principal amount of its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C (the "Series 2024C Bonds"), which will consist of Capital Appreciation Bonds; and (iv) $134,632,983.10 aggregate principal amount of its Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D (the "Series 2024D Bonds"), which will consist of Capital Appreciation Bonds, and such Series 2024D Bonds together with the Series 2024A Bonds, the Series 2024B Bonds, and the Series 2024C Bonds, the ("Series 2024 Bonds").

The Series 2024A Bonds, the Series 2024B Bonds, the Authority's Outstanding Senior Lien Bonds and any additional Senior Lien Bonds issued on a parity therewith are referred to in this Official Statement as "Senior Lien Bonds." The Series 2024C Bonds, the Series 2024D, the Authority's Outstanding First Subordinate Lien Bonds and any additional First Subordinate Lien Bonds issued on a parity therewith are referred to in this Official Statement as "First Subordinate Lien Bonds." The Authority's Outstanding

Second Subordinate Lien 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, First Subordinate Lien Bonds and Second Subordinate Lien Bonds together with the Series 2024 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 "PLAN OF FINANCE."

As of October 1, 2023, the Authority had approximately $1,990,938,359 aggregate principal or accreted value of Outstanding Senior Lien Bonds, approximately $559,801,999 aggregate principal or accreted value of Outstanding First Subordinate Lien Bonds, and approximately $584,990,974 aggregate principal or accreted value of Outstanding Second Subordinate Lien Bonds. For a description of the amount of Senior Lien Bonds, First Subordinate Lien Bonds and Second Subordinate Lien Bonds that will be Outstanding following the issuance of the Series 2024 Bonds, see Table 4 in "SOURCES AND USES OF FUNDS." See also, "PLAN OF FINANCE – Invitation to Tender and Refunding or Defeasance of Certain of the Series 1999A Bonds, Series 1999C Bonds, Series 2004A Bonds and Series 2004B Bonds."

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 "— 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, as described below. For additional information regarding the Authority, see "THE AUTHORITY" in Appendix A.

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 "Original 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") to provide for, among other things, the design, construction, operation, repair and maintenance of the Rail Corridor and related projects (collectively, the "Project") and certain other matters, such as the provision of dispatching and security services. The Original Agreement was replaced and superseded by the Amended and Restated Alameda Corridor Use and Operating Agreement, dated as of December 15, 2016 (as the same may be amended or supplemented, the "Operating Agreement").

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 construction of the Rail Corridor, which began operations in 2002, 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" in Appendix A.

Revenues from the Rail Corridor

Pursuant to the Operating Agreement, the Railroads are required to pay M & O Charges to the Authority for the cost of operating, maintaining and repairing the Rail Corridor, and Use Fees and Container Charges in connection with the use of the Rail Corridor and the movement of Waterborne Containers (which are 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. The Use Fees and Container Charges are used to pay Project costs and other expenses and fund, maintain and replenish the reserves relating to the Project and use and operation of the Rail Corridor.

Shortfall Advances and Other Port Advances

In the event the amount of Use Fees and Container Charges collected is not sufficient to pay certain of the Authority's obligations in any year, including interest and principal or debt service then due on the Bonds, certain financing fees and deposits to any debt service reserve account (as more particularly described in the Operating Agreement, the "Annual Amount"), the Operating Agreement obligates each Port, severally and not jointly, to pay Shortfall Advances to cover up to 20% of the Annual Amount. The Ports may also voluntarily advance funds (each, a "Port Advance") in excess of the Shortfall Advances to cover all or a portion of the Annual Amount or the Authority's reasonable expenses for, among other things, the ongoing administration of the Authority's financings and refinancings, administration of contracts for the Rail Corridor and other administrative duties related to the Rail Corridor. 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."

Plan of Finance

Internal Financial Model; Anticipated Shortfalls; Invitation

The Authority has developed a financial model (the "Internal Financial Model") to demonstrate potential future outcomes, provide estimated debt service coverage levels for the Authority's Outstanding Bonds and to estimate the likelihood and degree of any future Shortfall Advances. Based on the Authority's historical and current revenue trends, and other assumptions and considerations, the Authority anticipates future debt service coverage shortfalls and a need for future Shortfall Advances, as described below.

Over the past three years, the Authority's revenue have been impacted by the COVID-19 pandemic, the subsequent supply chain issues and protracted negotiations of the longshore labor contract. Due in part to these issues, the Authority experienced a decrease in revenues in mid-fiscal year 2022 that continued through fiscal year 2023 as compared with the high revenues experienced in fiscal year 2021 that were associated with the increased container traffic at the Ports due to the e-commerce boom at the outset of the COVID-19 pandemic. As further described in "AUTHORITY REVENUES" in Appendix A, the Authority anticipates that revenues will continue to decline through fiscal year 2024 and that cargo throughput at the Ports will be maintained at pre-COVID-19 pandemic levels. If revenues remain as anticipated and no restructuring of anticipated debt service is completed, the Authority estimates debt service shortfalls could exceed the Contingent Port Obligations of 40% from and after Bond Year 2026.

In order to address the anticipated debt service coverage shortfalls and potentially reduce the frequency and amount of future Shortfall Advances, the Authority has developed a plan of finance designed to accomplish two goals: (i) first, to reduce or eliminate the anticipated Shortfall Advances through and including fiscal year 2026; and (ii) second, to provide additional Shortfall Advance relief after fiscal year 2026 should it prove practicable and beneficial to the Authority, through the combination of the tender and refunding components which began with the issuance of the Series 2022 Bonds and which the Authority expects to continue with the issuance of the Series 2024 Bonds and other potential future issues. The plan of finance for the Series 2024 Bonds is not expected by the Authority to resolve the entirety of the debt service shortfalls, but rather is a step in a larger plan of finance designed to resolve the same. See "PLAN OF

FINANCE" and "AUTHORITY REVENUES - Future Estimated Authority Revenues and Debt Service Coverage."

As further described in this Official Statement, pursuant to the Invitation to Tender Bonds dated January 5, 2024 (the "Invitation"), the Authority invited Bondowners (as defined in the Invitation) of the Target Bonds (as defined in the Invitation) to tender certain of such Bonds for purchase for cash consideration. See "PLAN OF FINANCE – Invitation to Tender and Refunding or Defeasance of Certain of the Series 1999A Bonds, Series 1999C Bonds, Series 2004A Bonds and Series 2004B Bonds," " – Prior Restructuring Program," and "BONDHOLDERS' RISKS – Potential Future Financings."

A portion of the proceeds to be received from the sale of the Series 2024 Bonds are to be applied, among other purposes, to purchase the Tendered Bonds (as defined herein).

As part of the Authority's larger plan to address anticipated debt service shortfalls, the Authority also expects to issue additional bonds before the end of Bond Year 2026 to address the anticipated debt service shortfalls and potentially reduce the frequency and amount of future Shortfall Advances. The issuance of the Series 2024 Bonds is not dependent on the issuance of any future bonds to be issued by the Authority, and vice versa.

There can be no assurance that any of the Authority's financial estimates, goals, and expectations will be realized, that any assumptions will occur or be met, that the assumptions in the Internal Financial Model will occur as modeled, or that the implementation of the plan of finance will be effective to eliminate or reduce the need for any Shortfall Advances, either in the near term before the end of Bond Year 2026, or in the longer term after Bond Year 2026, or that any future debt service shortfalls will not exceed Contingent Port Obligations. See BONDHOLDERS' RISKS – Uncertainties of Estimates, Assumptions and Forward-Looking Statements."

The Series 2024 Bonds

The Series 2024A Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Senior Lien Revenue Bonds, Series 1999A (the "Series 1999A Bonds") (maturing on October 1, 2030, 2031, 2032, and 2033), who elected to tender such Series 1999A Bonds to the Authority (the "Tendered Series 1999A Bonds"); (ii) to pay the purchase price to the holders of the Authority's Outstanding Taxable Senior Lien Revenue Refunding Bonds, Series 2022B (the "Series 2022B Bonds") (maturing on October 1, 2046), who elected to tender such Series 2022B Bonds to the Authority on a pro rata basis (such tendered bonds that have been accepted by the Authority, the "Tendered and Accepted Series 2022B Bonds"); (iii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024A Bonds (the "Series 2024A Reserve Policy"); (iv) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024A Bonds (the "Series 2024A Bond Insurance Policy"); and (v) to pay costs of issuing the Series 2024A Bonds, including costs of the associated tender.

The Series 2024B Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Taxable Senior Lien Revenue Bonds, Series 1999C (the "Series 1999C Bonds") (maturing on October 1, 2030, 2031, 2032, and 2033), who elected to tender such Series 1999C Bonds to the Authority (the "Tendered Series 1999C Bonds"); (ii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024B Bonds (the "Series 2024B Reserve Policy"); (iii) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024B Bonds (the "Series 2024B Bond Insurance Policy"); and (iv) to pay costs of issuing the Series 2024B Bonds, including costs of the associated tender.

The Series 2024C Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A (the "Series 2004A Bonds") (maturing on October 1, 2029 and 2030), who elected to tender such Series 2004A Bonds to the Authority (the "Tendered Series 2004A Bonds"); (ii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024C Bonds (the "Series 2024C Reserve Policy"); (iii) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024C Bonds (the

"Series 2024C Bond Insurance Policy"); and (iv) to pay costs of issuing the Series 2024C Bonds, including costs of the associated tender.

The Series 2024D Bonds are being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B (the "Series 2004B Bonds") (maturing on October 1, 2026, 2027, 2028, 2029, 2031, 2032, and 2033), who elected to tender such Series 2004B Bonds to the Authority (the "Tendered Series 2004B Bonds"); (ii) to defease $35,000,000 of the Series 2004B Bonds maturing on October 1, 2026 to maturity (the "Defeased Series 2004B Bonds"); (iii) to purchase from AGM a debt service reserve fund surety policy for the Series 2024D Bonds (the "Series 2024D Reserve Policy" and, together with the Series 2024A Reserve Policy, Series 2024B Reserve Policy and the Series 2024C Reserve Policy, the "Series 2024 Reserve Policies"); (iv) to purchase from the Series 2024 Bond Insurer a municipal bond insurance policy for the Series 2024D Bonds (the "Series 2024D Bond Insurance Policy" and, together with the Series 2024A Bond Insurance Policy, Series 2024B Bond Insurance Policy and the Series 2024C Bond Insurance Policy, the "Series 2024 Bond Insurance Policies"); and (v) to pay costs of issuing the Series 2024D Bonds, including costs of the associated tender.

The Tendered Series 1999A Bonds, the Tendered and Accepted Series 2022B Bonds, the Tendered Series 1999C Bonds, the Tendered Series 2004A Bonds and the Tendered Series 2004B Bonds, are collectively referred to in this Official Statement as the "Tendered Bonds".

See "PLAN OF FINANCE."

Authority for the Series 2024 Bonds

The Authority's Outstanding Bonds were issued pursuant to the Act 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 Trust Company, National Association, as successor in trust to U.S. Bank National Association, as trustee (the "Trustee"). The Series 2024A Bonds are being issued pursuant to the Act and the Master Indenture, as supplemented and amended by a Fifteenth Supplemental Trust Indenture, to be dated as of February 1, 2024, by and between the Authority and the Trustee. The Series 2024B Bonds are being issued pursuant to the Act and the Master Indenture, as supplemented and amended by a Sixteenth Supplemental Trust Indenture, to be dated as of February 1, 2024, by and between the Authority and the Trustee. The Series 2024C Bonds are being issued pursuant to the Act and the Master Indenture, as supplemented and amended by a Seventeenth Supplemental Trust Indenture, to be dated as of February 1, 2024, by and between the Authority and the Trustee. The Series 2024D Bonds are being issued pursuant to the Act and the Master Indenture, as supplemented and amended by an Eighteenth Supplemental Trust Indenture, to be dated as of February 1, 2024, by and between the Authority and the Trustee. The Master Indenture, as previously amended and supplemented and as supplemented and amended by the Fifteenth Supplemental Trust Indenture, the Sixteenth Supplemental Trust Indenture, the Seventeenth Supplemental Trust Indenture, and the Eighteenth Supplemental Trust Indenture, is referred to in this Official Statement as the "Indenture."

The issuance of the Series 2024 Bonds, the execution and delivery by the Authority of the Fifteenth Supplemental Trust Indenture, the Sixteenth Supplemental Trust Indenture, the Seventeenth Supplemental Trust Indenture, and the Eighteenth Supplemental Trust Indenture, and certain other matters related to the issuance of the Series 2024 Bonds and the purchase of the Tendered Bonds were authorized by the Governing Board of the Authority (the "Governing Board") pursuant to Resolution No. JPA-23-8, adopted by the Governing Board on December 14, 2023.

Security and Sources of Payment for the Bonds

The Bonds, including the Series 2024 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" include, among other things, 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 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations."

The Indenture provides that the liens and security interests created thereby 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 2024A Bonds and the Series 2024B Bonds will be secured and payable on a parity with the Authority's Outstanding Senior Lien Bonds and any Senior Lien Bonds that may be issued in the future in accordance with the Indenture. When issued, the Series 2024C Bonds and the Series 2024D 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.

The Fifteenth Supplemental Indenture provides that only the Series 2024A Bonds will be secured by and have a lien on the Series 2024A Debt Service Reserve Account within the Debt Service Reserve Fund. The Sixteenth Supplemental Indenture provides that only the Series 2024B Bonds will be secured by and have a lien on the Series 2024B Debt Service Reserve Account within the Debt Service Reserve Fund. The Seventeenth Supplemental Indenture provides that only the Series 2024C Bonds will be secured by and have a lien on the Series 2024C Debt Service Reserve Account within the Debt Service Reserve Fund. The Eighteenth Supplemental Indenture provides that only the Series 2024D Bonds will be secured by and have a lien on the Series 2024D Debt Service Reserve Account within the Debt Service Reserve Fund. See "THE AUTHORITY'S OUTSTANDING BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Debt Service Reserve Accounts.

Series 2024 Bond Insurance Policies

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the Accreted Value of) and interest on the Series 2024 Bonds when due will be guaranteed under the Series 2024 Bond Insurance Policies to be issued by the Series 2024 Bond Insurer simultaneously with the delivery of the Series 2024 Bonds. The Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture and the Eighteenth Supplemental Indenture, each provides that, so long as the Series 2024 Bond Insurer is not in default of its obligations to make payments under the applicable Series 2024 Bond Insurance Policy, the applicable Series 2024 Reserve Policy, or any other municipal bond insurance policy or debt reserve surety policy issued by the Series 2024 Bond Insurer when due and such failure shall continue for 30 days unless the obligation of the Series 2024 Bond Insurer is being contested by the Series 2024 Bond Insurer in good faith by appropriate proceedings, or in certain other limited circumstances, it will have the right to act in lieu of the holders of the corresponding Series 2024 Bonds for the purposes of giving consents, directions or approvals permitted or required by the Indenture to be given by the holders of such Series 2024 Bonds; will be deemed to be the sole holder of such Series 2024 Bonds for the purposes of exercising any voting rights or privileges of the holders of such Series 2024 Bonds or the giving of consents or directions pursuant to the Indenture, including without limitation, pertaining to defaults and remedies, the duties and obligations of the Trustee; and will also have the right to consent to any amendment, supplement, modification or waiver of the Indenture that requires the consent of the holders of such Series 2024 Bonds or adversely affects its rights as the Series 2024 Bond Insurer. The Series 2024 Bond Insurer will also issue separate Series 2024 Reserve Policies with respect to the debt service reserve account for each series of the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT OF THE

BONDS – Rights of the Series 2024 Bond Insurer," "– Debt Service Reserve Fund" and "SERIES 2024 BOND INSURER" below and "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" in Appendix J.

Bondholders' Risks

There are important investment considerations and other risk factors associated with investment in the Series 2024 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 2024 Bonds, notwithstanding the Series 2024 Bond Insurer's obligations to pay scheduled debt service on the Series 2024 Bonds when due. **Potential purchasers of the Series 2024 Bonds are advised to review this entire Official Statement carefully.**

Continuing Disclosure

The Authority has covenanted for the benefit of the holders and beneficial owners of the Series 2024 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 2024 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 2024 Bonds. See "CONTINUING DISCLOSURE" below and Appendix D.

Miscellaneous

Brief descriptions of the Series 2024 Bonds, the Authority, the Railroads, the Ports and the Rail 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 or the Railroads 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 2024 Bonds.

THE AUTHORITY'S OUTSTANDING BONDS

The following table lists the aggregate principal amount of Senior Lien Bonds, First Subordinate Lien Bonds and Second Subordinate Lien Bonds originally issued by the Authority and the aggregate principal amounts or accreted values of Bonds Outstanding under the Indenture as of October 1, 2023.

TABLE 1

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY OUTSTANDING SENIOR LIEN, FIRST SUBORDINATE LIEN AND SECOND SUBORDINATE LIEN BONDS

(as of October 1, 2023)

Series	Lien	Interest Convention	Tax Status	Final Maturity (October 1)	Call Feature	Original Principal Amount Issued[1]	Principal/ Accreted Value Outstanding[2]
1999A	Senior	Capital Appreciation	Tax-Exempt	2037	None	$ 50,453,617	$ 135,558,963[3]
1999C	Senior	Current Interest	Taxable	2029	None	430,155,000	191,060,000
1999C	Senior	Capital Appreciation	Taxable	2037	None	67,298,396	151,742,569[3]
2004A	First Subordinate	Capital Appreciation	Tax-Exempt	2030	None	200,300,101	108,500,600[3]
2004B	First Subordinate	Capital Appreciation	Taxable	2033	None	210,731,703	438,481,399[3]
2012[4]	Senior	Current Interest	Taxable	2035	Any Time	83,710,000	73,160,000
2016A[5]	First Subordinate	Current Interest	Tax-Exempt	2025	None	34,280,000	12,820,000
2016B[5]	Second Subordinate	Current Interest	Tax-Exempt	2037	October 1, 2026	556,860,000	365,645,000
2022A[6]	Senior	Convertible Capital Appreciation	Tax-Exempt	2051	October 1, 2037	169,046,510	180,219,869[3]
2022B[6] [7]	Senior	Capital Appreciation	Taxable	2043	None	117,444,763	126,946,958[3]
2022B[6] [7]	Senior	Current Interest	Taxable	2046	October 1, 2032	232,250,000	232,250,000
2022C	Second Subordinate	Current Interest	Tax-Exempt	2052	October 1, 2032	106,105,000	106,105,000
2022C	Second Subordinate	Convertible Capital Appreciation	Tax-Exempt	2052	October 1, 2037	106,091,986	113,240,974[3]
Total						$2,639,719,361	$2,239,731,331

(1) Capital Appreciation Bonds listed at original principal amount, rounded to the nearest dollar.
(2) Debt service payments made on October 1, 2023 are reflected.
(3) Capital Appreciation Bonds listed at accreted value as of October 1, 2023, rounded to the nearest dollar.
(4) The Series 2012 Senior Lien Bonds are refunding Bonds purchased by the U.S. Department of Transportation, acting through the Federal Railroad Administration. The Series 2012 Bonds refunded a portion of the Authority's Series 1999A Bonds that were current interest bonds.
(5) The Series 2016A First Subordinate Lien Bonds and the Series 2016B Second Subordinate Lien Bonds were issued to advance refund a portion of the Series 2004A Bonds maturing in 2016 through 2025.
(6) The Series 2022A Bonds and the Series 2022B Bonds were issued to advance refund the Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2013A (the "2013A Bonds"), which 2013A Bonds were entirely defeased on July 14, 2022.
(7) The Series 2022B Capital Appreciation Bonds are also subject to a make-whole optional redemption at any time and the Series 2022B Current Interest Bonds are also subject to a make-whole optional redemption at any time prior to October 1, 2032.

Source: The Authority.

For a description of each series of the Authority's Outstanding Bonds, see "THE AUTHORITY'S OUTSTANDING BONDS" in Appendix A.

PLAN OF FINANCE

Prior Restructuring Program

Over the last two decades, the Authority has taken efforts to restructure its debt in order to reduce its annual debt service costs in certain years. Refinancing the $400 million loan that the Authority received from the U.S. Department of Transportation, Federal Highway Administration (the "1999 Federal Loan") in May 2004 was among the first steps the Authority took to reduce its 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 $83,710,000 aggregate principal amount of its Taxable Senior Lien Revenue Refunding Bonds, Series 2012 (the "Series 2012 Senior Lien Bonds") to refund $83.71 million of the Outstanding Series 1999A Bonds. In February 2013, the Authority issued the Series 2013A Bonds to refund $288.95 million of Outstanding Series 1999A Bonds. In May 2016, the Authority issued $34.28 million aggregate principal amount of its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and $556.86 million 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") to refund $647.8 million of Outstanding Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A Bonds (the "Series 2004A Bonds"). In July 2022, the Authority issued the $730.94 million of Series 2022 Bonds to reduce anticipated Shortfall Advances through and including fiscal year 2026 and provide additional Shortfall Advance relief after fiscal year 2026 through a combination of tender and refunding components. For a description of each series of the Authority's Outstanding Bonds, see " THE AUTHORITY'S OUTSTANDING BONDS" in Appendix A.

The Authority intends to continue actively managing its Outstanding Bonds for additional opportunities to better align debt service on the Bonds with estimated future Revenues and to potentially reduce the frequency and/or the 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 annual costs.

Projected Shortfalls Prior to Implementation of Plan of Finance Using Internal Financial Model

Notwithstanding the prior restructuring efforts described above, the Authority anticipates debt service shortfalls and a need for Shortfall Advances in the future. The Authority has developed the Internal Financial Model to demonstrate potential future outcomes, provide estimated coverage levels for the Authority's Senior Bonds, First Subordinate Bonds and Second Subordinate Bonds and, also estimate the likelihood and degree of any Shortfall Advances on both a fiscal year and a Bond Year (as defined in Appendix E) basis. The Internal Financial Model is also used in the development of strategies to eliminate or minimize the need for Shortfall Advances, should they be projected.

The Internal Financial Model uses three key elements to estimate Revenues and potential future outcomes, including debt service coverage and shortfalls: (i) historical performance and growth assumptions in loaded twenty-foot equivalent unit ("TEU") at each of the Ports; (ii) the Authority's estimated Capture Rate (defined below); and (iii) the Authority's estimated future CPI growth in fee rates. Based on these key assumptions, the Authority has developed its "Base Case" for future revenue projections. For a discussion regarding the Authority's historical cargo throughput and Revenue collections, see Tables 7, 7-A and 9 in Appendix A.

Further to the Internal Financial Model, if revenues remain as anticipated and no restructuring of anticipated debt service is completed, the Authority estimates debt service shortfalls of approximately $103 million in Bond Year 2026, approximately $93 million in Bond Year 2027, and approximately $86 million in Bond Year 2028, with this trend continuing through Bond Year 2037. In such event, the total anticipated debt service shortfalls could exceed $1.35 billion and the Authority anticipates that the Contingent Port Obligations of 40% would not be sufficient to cover such anticipated debt service shortfalls in Bond Year 2026 through Bond Year 2029. The plan of finance for the Series 2024 Bonds is not expected by the Authority to resolve the entirety of the shortfall in debt service shortfall coverage by Contingent Port Obligations, rather is a step in a larger plan of finance designed to resolve the same.

As discussed under the header "AUTHORITY REVENUES – Recent Impacts on Use Fees and Container Charges" in Appendix A, the Authority believes the diversion of cargo from rail to truck experienced in fiscal year 2022 was due to unusual circumstances caused and contributed to by the COVID-19 pandemic, subsequent supply chain disruptions and diversions of TEUs from rail to truck that began in mid-2020. This diversion contributed to a lower amount and percentage of Port loaded TEU's subject to the Authority's Port loaded TEU rate (the "Capture Rate") in fiscal year 2022 as compared with fiscal year 2021. In the first three quarters of fiscal year 2023, the protracted negotiations of the west coast longshore labor contract saw a continuation of this diversion until the ILWU contract was ratified in August 2023. For a discussion of the effects of the longshore labor contract negotiations and diversion of discretionary cargo, see "AUTHORITY REVENUES – Recent Impacts on Use Fees and Container Charges" in Appendix A.

Given the unique circumstances arising from the COVID-19 pandemic, the subsequent supply chain disruptions and continued diversion of discretionary cargo, the effects of labor negotiations and the anticipated time to recover from these impacts, the results of the Internal Financial Model shown in Table 2 below includes two distinct "Base Case" periods. The first Base Case period reflects the near-term estimates for revenue performance based on the current supply chain environment and the second Base Case period reflects Authority's assumptions for the longer term, aligning with historical levels of Port loaded TEUs and the Authority's historic Capture Rate. The first Base Case period reflects fiscal year 2024 with respect to assumptions relating to Port loaded TEU growth and CPI and fiscal years 2024-2027 with respect to the Capture Rate. The second Base Case period reflects those periods from and after fiscal year 2024 with respect to assumptions relating to Port loaded TEU growth and CPI and from and after fiscal year 2028 with respect to the Capture Rate.

The average assumptions for the estimated Internal Financial Model for the first and second Base Case periods are outlined below:

	First Base Case Period	**Second Base Case Period**
Averages – Base Case	**Fiscal Year 2024**	**From and After Fiscal Year 2025**
Port Loaded TEU Growth:	2.0%	2.5%
CPI for annual adjustment of Use Fees and Container Charges	3.5%	2.5%
	Fiscal Years 2024-2027	**From and After Fiscal Year 2028**
Loaded TEU Capture Rate	27.6%[(1)]	30.0%

(1) Reflects the average of the estimated range of 25.2% - 30.0% in fiscal years 2024-2027.

Table 2 below sets forth estimated future Use Fees and Container Charges and debt service coverage on the Bonds, including the Series 2024 Bonds, from Use Fees, Container Charges and Contingent Port Obligations (collectively, "Total Dedicated Revenues") based upon the Base Case scenario for fiscal years ending June 30, 2024 through 2038. Notwithstanding the recent COVID-19 related impacts on Port loaded TEU levels and Port loaded TEU Capture Rate in fiscal years 2021 and 2022, the Authority forecasts debt service coverage shortfalls and a need for future Shortfall Advances. No assurance can be given that the projections in Table 2 will occur or that the underlying assumptions for the hypothetical Port loaded TEU growth and financial results on which the projections are based will be realized. See BONDHOLDERS' RISKS – Uncertainties of Estimates, Assumptions and Forward-Looking Statements; - Uncertainties of Cargo Volumes; -COVID-19 Pandemic Issues and Impacts; - Port Congestion/Supply Chain Issues." As can be seen in Table 7 in Appendix A, the Port loaded TEU Capture Rate has declined in all but one of the previous ten years.

The estimated future Use Fees and Container Charges shown in Table 2 below are based on the Authority's actual TEU throughput volumes for calendar year 2022, for the first nine months of calendar year 2023 and Authority estimates based on assumptions for Port loaded TEU growth, CPI for all Urban Consumers, Los Angeles Area-(all items) and the Capture Rate. Debt Service requirements on the Bonds and Contingent Port Obligations shown in Table 2 are based on the Authority's debts as outstanding as of issuance of the Series 2024 Bonds and the tenders and defeasances in connection therewith.

Table 2 also reflects the following assumptions and adjustments: (i) that Debt Service Reserve Account releases are made and transferred to pay debt service as Outstanding Bonds mature; (ii) that an assumed annual increase of the applicable CPI is applied to the Use Fees and Container Charges and that Operating Expenses grow at 2% annually; (iii) in Table 11, shown in Appendix A, that the cargo growth rates are the Authority's assumptions for loaded TEU growth rates for the estimated Base Case scenario; (iv) that (A) that additional Shortfall Advances will be incurred beginning in fiscal year 2027 and (B) that the Surcharge (as defined herein) remains in place; (v) that no refunding Bonds are assumed to be issued and no tender/purchase programs are completed; (vi) that excess Revenues are not utilized to redeem Bonds early after the Ports are repaid in full; and (vii) that for purposes of estimating Shortfall Advances, debt service payments are funded monthly for Senior Lien Bonds and up to five days prior to the debt service payment date for First Subordinate Lien Bonds and Second Subordinate Lien Bonds.

As part of issuance of the Series 2022 Bonds, the Ports waived their rights to any funds that would have been received in the Flow of Funds under the Indenture through fiscal year 2026. This included funds from the Benefit Amount, the reimbursement of Port Advances and the Property Assembly Reimbursement. Should any surplus funds be available, the Flow of Funds under the Indenture requires a prepayment of the Outstanding Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds." The Internal Financial Model does not assume any prepayments from surplus funds.

As shown in Table 2, the Authority anticipates that without implementation of the plan of finance, the Contingent Port Obligations would be insufficient to cover anticipated debt service shortfalls in fiscal years 2027 through 2028.

There can be no assurance that any of the Authority's financial assumptions and estimates will be realized, that any current trends relating to cargo volume, type, source, destination and transloading will continue in line with current trends or that any of the assumptions or estimates will be attained. See BONDHOLDERS' RISKS – Uncertainties of Estimates, Assumptions and Forward-Looking Statements."

Table 2 below does not reflect the implementation of any portion of the plan of finance for the Series 2024 Bonds.

TABLE 2

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
DEBT SERVICE COVERAGE TABLE(11)(12)

Fiscal Year Ending	Use Fees and Container Charges(1)(2) [A]	Contingent Port Obligations(3)(4) [B]	Total Dedicated Revenues [A]+[B]=[C]	Senior Lien Bonds Debt Service [D]	Debt Service Coverage for Senior Lien Bonds [C]/[D]=[E]	First Subordinate Lien Bonds Debt Service(4) [F]	Debt Service Coverage for Senior Lien Bonds and First Subordinate Lien Bonds(4)(5) [C]/([D]+[F])= [G]	Second Subordinate Lien Bonds Debt Service(4) [H]	Total Debt Service(4) [D]+[F]+[H]= [I]	Debt Service Coverage for All Bonds(4)(5) [C]/[I]= [J]	Financing Fees(6) [K]	Debt Service Shortfalls(7) [A]-[I]-[K]=[L]	Total Surplus / (Shortfall)(8)
2022(9)	$97,153,724	$47,052,930	$144,206,654	$83,109,646	1.74x	$7,179,000	1.60x	$26,174,250	$116,462,896	1.24x	$1,169,430	($20,478,602)	$6,629,729
2023	$99,691,045	$22,953,987	$122,645,032	$23,615,833	5.19x	$11,939,550	3.38x	$20,636,765	$56,192,148	2.15x	$1,192,819	-	$29,003,090
2024	$86,474,794	$26,672,289	$113,147,083	$37,624,492	3.01x	$5,684,900	2.57x	$22,154,656	$65,464,048	1.71x	$1,216,675	-	$6,367,823
2025	$89,384,393	$26,780,801	$116,165,194	$36,811,839	3.16x	$6,744,500	2.63x	$22,154,656	$65,710,995	1.75x	$1,241,008	-	$8,880,417
2026	$98,083,069	$26,454,035	$124,537,104	$35,990,603	3.46x	$6,724,000	2.88x	$22,154,656	$64,869,259	1.89x	$1,265,829	-	$18,267,769
2027	$107,433,403	$80,151,936	$187,585,339	$76,259,038	2.46x	$100,675,000	1.06x	$22,154,656	$199,088,694	0.94x	$1,291,145	($92,946,436)	($106,757,453)
2028	$115,171,590	$80,000,949	$195,172,539	$75,855,749	2.57x	$100,675,000	1.10x	$22,154,656	$198,685,405	0.98x	$1,316,968	($84,830,783)	($98,775,220)
2029	$121,002,152	$79,839,494	$200,841,646	$75,430,771	2.66x	$100,670,000	1.14x	$22,154,656	$198,255,428	1.01x	$1,343,307	($78,596,583)	($92,677,109)
2030	$127,127,886	$79,680,616	$206,808,501	$75,001,709	2.76x	$100,675,000	1.17x	$22,154,656	$197,831,366	1.04x	$1,370,174	($72,073,654)	($86,292,989)
2031	$133,563,735	$79,723,173	$213,286,908	$75,090,700	2.84x	$100,665,000	1.21x	$22,154,656	$197,910,356	1.07x	$1,397,577	($65,744,198)	($80,105,121)
2032	$140,325,399	$66,166,627	$206,492,026	$41,166,382	5.02x	$100,670,000	1.45x	$22,154,656	$163,991,038	1.25x	$1,425,529	($25,091,168)	($39,596,509)
2033	$147,429,372	$80,523,480	$227,952,852	$77,030,005	2.96x	$100,670,000	1.28x	$22,154,656	$199,854,661	1.13x	$1,454,039	($53,879,328)	($68,531,976)
2034	$154,892,984	$86,579,005	$241,471,990	$92,134,737	2.62x	$100,675,000	1.25x	$22,154,656	$214,964,394	1.12x	$1,483,120	($61,554,529)	($76,357,430)
2035	$162,734,442	$86,353,348	$249,087,790	$100,919,881	2.47x	-	2.45x	$113,450,706	$214,370,588	1.16x	$1,512,782	($53,148,928)	($68,105,087)
2036	$170,972,873	$75,013,674	$245,986,547	$99,173,690	2.48x	-	2.46x	$86,817,456	$185,991,146	1.32x	$1,543,038	($16,561,312)	($31,673,794)
2037	$179,628,374	$84,634,875	$264,263,249	$100,052,210	2.64x	-	2.62x	$109,961,078	$210,013,288	1.25x	$1,573,899	($31,958,812)	($47,230,744)
2038	$188,722,061	$92,577,142	$281,299,203	$111,134,761	2.53x	-	2.50x	$118,702,718	$229,837,478	1.22x	$1,605,377	($42,720,794)	($58,155,364)
2039	$198,276,115	$48,748,492	$247,024,607	$101,852,311	2.43x	-	2.39x	$18,381,435	$120,233,746	2.03x	$1,637,484	-	$60,804,423
2040	$208,313,844	$48,761,592	$257,075,436	$101,852,311	2.52x	-	2.49x	$18,381,435	$120,233,746	2.11x	$1,670,234	-	$70,640,192
2041	$218,859,732	$48,774,954	$267,634,686	$101,852,311	2.63x	-	2.59x	$18,381,435	$120,233,746	2.20x	$1,703,639	-	$80,980,083
2042	$229,939,506	$48,788,583	$278,728,089	$101,852,311	2.74x	-	2.70x	$18,381,435	$120,233,746	2.29x	$1,737,711	-	$91,849,738
2043	$241,580,193	$48,802,485	$290,382,678	$101,852,311	2.85x	-	2.81x	$18,381,435	$120,233,746	2.39x	$1,772,466	-	$103,276,106
2044	$253,810,191	$48,470,133	$302,280,324	$100,985,983	2.99x	-	2.95x	$18,381,435	$119,367,418	2.50x	$1,807,915	-	$116,153,824
2045	$266,659,332	$48,066,805	$314,726,136	$99,941,504	3.15x	-	3.10x	$18,381,435	$118,322,939	2.63x	$1,844,073	-	$129,824,465
2046	$280,158,960	$48,039,757	$328,198,717	$99,837,002	3.29x	-	3.24x	$18,381,435	$118,218,437	2.74x	$1,880,955	-	$143,201,158
2047	$294,342,008	$38,564,154	$332,906,162	$76,110,376	4.37x	-	4.28x	$18,381,435	$94,491,811	3.46x	$1,918,574	-	$180,878,843
2048	$309,243,072	$48,009,320	$357,252,391	$99,684,919	3.58x	-	3.53x	$18,381,435	$118,066,354	2.99x	$1,956,945	-	$171,968,738
2049	$324,898,502	$50,451,103	$375,349,605	$99,543,434	3.77x	-	3.72x	$24,588,240	$124,131,674	2.99x	$1,996,084	-	$181,317,489
2050	$341,346,489	$61,873,481	$403,219,969	$99,411,316	4.06x	-	4.01x	$53,236,380	$152,647,696	2.62x	$2,036,006	-	$169,003,267
2051	$358,627,155	$61,812,083	$420,439,238	$88,880,090	4.73x	-	4.71x	$63,573,393	$152,453,483	2.75x	$2,076,726	-	$186,227,035
2052	$376,782,655	$61,775,224	$438,557,879	$34,719,840	12.63x	-	12.63x	$117,599,960	$152,319,800	2.88x	$2,118,261	-	$204,260,085
2053	$395,857,276	$60,840,170	$456,697,446	-	-	-	-	$152,100,425	$152,100,425	3.00x	-	-	$225,453,452
2054	$415,897,551	-	$415,897,551	-	-	-	-	-	-	-	-	-	$397,370,884
2055	$436,952,365	-	$436,952,365	-	-	-	-	-	-	-	-	-	$418,197,964
2056	$459,073,078	-	$459,073,078	-	-	-	-	-	-	-	-	-	$440,086,389
2057	$482,313,653	-	$482,313,653	-	-	-	-	-	-	-	-	-	$463,090,030
2058	$506,730,781	-	$506,730,781	-	-	-	-	-	-	-	-	-	$487,265,486
2059	$532,384,027	-	$532,384,027	-	-	-	-	-	-	-	-	-	$512,672,226
2060	$559,335,968	-	$559,335,968	-	-	-	-	-	-	-	-	-	$539,372,731
2061	$587,652,352	-	$587,652,352	-	-	-	-	-	-	-	-	-	$567,432,650
2062	$450,530,054	-	$450,530,054	-	-	-	-	-	-	-	-	-	$450,530,054
Total(10)	$10,949,356,153	$1,892,936,698	$12.842.292.851	$2,524,778,066	-	$843,646,950	-	$1,314,356,940	$4,682,781,956	-	$49,559,789	($699,585,128)	$5,606,747,342

See next page for footnotes.

[(1)] Based on the Authority's actual TEU throughput volumes for calendar year 2022, the first nine calendar months of calendar year 2023 and Authority projections based on assumptions for Port loaded TEU Growth, CPI and capture rate. Also assumes that the Shortfall Advance Surcharge is included in fiscal years 2026 through 2062. See the paragraph immediately preceding this Table 2.

[(2)] Use Fees and Container Charges are shown in the fiscal years estimated to be received.

[(3)] Contingent Port Obligations are equal to 40% of the Annual Amount. See "AUTHORITY REVENUES-Shortfall Advances" and the definition of Annual Amount in APPENDIX E—"SUMMARY OF PRINCIPAL DOCUMENTS— OPERATING AGREEMENT."

[(4)] Debt Service on the Bonds (and Contingent Port Obligations) shown in this Table are shown in the fiscal year in which payment is due. First Subordinate Lien Bonds and Second Subordinate Lien Bonds coverage calculations include financing fees.

[(5)] Debt service coverage calculations for the First Subordinate Lien Bonds and for all Bonds differs slightly from the referenced letters. Debt service coverage calculations for the First Subordinate Lien Bonds is calculated as the Total Dedicated Revenues divided by the sum of the Senior Lien Debt Service, First Subordinate Lien Debt Service, and the portion of the Financing Fees associated with the Senior Lien Debt Service and First Subordinate Lien. Debt service coverage calculations for all Bonds is calculated as the Total Dedicated Revenues divided by the sum of Total Debt Service and the portion of the Financing Fees associated with the Senior Lien and First Subordinate Lien (but not Financing Fees associated with the Second Subordinate Lien). Such calculations are based on the Flow of Funds, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds."

[(6)] Financing Fees are allocated by lien in calculating coverage for First Subordinate Lien Bonds and Second Subordinate Lien Bonds.

[(7)] The Authority is required 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 Advance that is expected to be required from each Port during such fiscal year, six months in advance of the October 1 principal payment date (and in the fiscal year preceding such principal payment date). Table 2 shows fiscal year debt service shortfalls, including Financing Fees, not projected Shortfall Advances, based on fiscal year debt service. For the purpose of determining Shortfall Advances, the Authority calculates estimated debt service shortfalls, including Financing Fees, on a Bond Year basis, which may differ from debt service shortfalls, including Financing Fees, on a Fiscal Year basis. Shortfall Advances are based on projected debt service shortfalls, including Financing Fees, calculated on a Bond Year basis.

[(8)] The Total Surplus / (Shortfall) amount in each year is calculated as Use Fees and Container Charges less Total Debt Service, Financing Fees, Reserve Replenishment and Administrative Costs. Reserve Replenishment is estimated at approximately \$7.1 million per year through fiscal year 2062. Administrative costs are estimated at approximately \$6.0 million in fiscal year 2022 and have an assumed growth of approximately 2% per year through fiscal year 2062, at which point Administrative Costs are estimated to be \$13.1 million. fiscal year 2022 Total Surplus / (Shortfall) calculation includes the use of approximately \$40.1 million of cash on hand. Totals in this column do not reflect the contribution of Shortfall Advances by the Ports.

[(9)] The Total Dedicated Revenues in fiscal year 2022 includes approximately \$40.2 million of cash on hand to pay for debt service in fiscal year 2022.

[(10)] Totals may not add up due to rounding.

[(11)] The assumptions in this table do not take into consideration the implementation of the Series 2024 Bonds or any other future financing, including a financing the Authority is considering in the years leading up to and including Bond Year 2026 to refund certain of the Outstanding Bonds. The assumptions in this table assume that the Use Permit is at some point prior to its current expiration of December 14, 2048 extended to October 1, 2062 or beyond.

[(12)] This table reflects fiscal years 2022 and 2023 to reflect the issuance of the Series 2022 Bonds as part of the larger plan of finance which the Series 2024 Bonds are intended to continue and which as a whole is designed to: (i) reduce or eliminate the anticipated Shortfall Advances through and including fiscal year 2026; and (ii) provide additional Shortfall Advance relief after fiscal year 2026 should it prove practicable and beneficial to the Authority. See "INTRODUCTION – Plan of Finance."

The Series 2024 Bonds

The Authority developed the larger plan of finance with the goal of eliminating all of the anticipated Shortfall Advances through and including fiscal year 2026 and to provide additional Shortfall Advance relief after fiscal year 2026 should it prove practicable and beneficial to the Authority through the combination of the Invitation and refunding components of the plan of finance. The issuance of the Series 2022 Bonds eliminated the need for a Shortfall Advance for fiscal year 2023 and eliminated any anticipated Shortfall Advances through and including fiscal year 2026. The plan of finance with respect to the Series 2024 Bonds is designed to further reduce any Shortfall Advances from and after fiscal year 2026. There can be no assurance that any of the Authority's financial estimates and expectations will be realized, that any assumptions will occur or the implementation of the plan of finance will be effective to eliminate or reduce the need for any Shortfall Advances, either in the near term through fiscal year 2026, or in the longer term after fiscal year 2026. See BONDHOLDERS' RISKS – Uncertainties of Estimates, Assumptions and Forward-Looking Statements."

The Series 2024A Bonds are being issued (i) to pay the purchase price to all holders of the Tendered Series 1999A Bonds; (ii) to pay the purchase price to the holders of the Tendered and Accepted Series 2022B Bonds; (iii) to purchase from AGM the Series 2024A Reserve Policy; (iv) to purchase from the Series 2024 Bond Insurer the Series 2024A Bond Insurance Policy; and (v) to pay costs of issuing the Series 2024A Bonds, including costs of the associated tender.

The Series 2024B Bonds are being issued (i) to pay the purchase price to all holders of the Tendered Series 1999C Bonds; (ii) to purchase from AGM the Series 2024B Reserve Policy; (iii) to purchase from the Series 2024 Bond Insurer the Series 2024B Bond Insurance Policy; and (iv) to pay costs of issuing the Series 2024B Bonds, including costs of the associated tender.

The Series 2024C Bonds are being issued (i) to pay the purchase price to all holders of the Tendered Series 2004A Bonds; (ii) to purchase from AGM the Series 2024C Reserve Policy; (iii) to purchase from the Series 2024 Bond Insurer the Series 2024C Bond Insurance Policy; and (iv) to pay costs of issuing the Series 2024C Bonds, including costs of the associated tender.

The Series 2024D Bonds are being issued (i) to pay the purchase price to all holders of the Tendered Series 2004B Bonds; (ii) to defease $35,000,000 of the Defeased Series 2004B Bonds to maturity; (iii) to purchase from AGM the Series 2024D Reserve Policy; (iv) to purchase from the Series 2024 Bond Insurer the Series 2024D Bond Insurance Policy; and (v) to pay costs of issuing the Series 2024D Bonds, including costs of the associated tender.

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 2024 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.

For a summary of the anticipated debt service shortfalls, see Table 2 in " – Projected Shortfalls Prior to Implementation of Plan of Finance" and Table 2-A in " – Projected Shortfalls After Implementation of Plan of Finance."

Invitation to Tender, Purchase of the Tendered Bonds and Defeasance of the Series 2004B Bonds

Concurrently with the marketing of the Series 2024 Bonds, the Authority, with the assistance of J.P. Morgan Securities LLC and RBC Capital Markets, LLC (collectively, the "Dealer Managers"), issued an invitation to the Bondowners of the Target Bonds pursuant to the Invitation to tender their Bonds to the Authority.

Except with respect to the Series 2022B Bonds, all bonds tendered to the Authority have been accepted by the Authority for purchase. The Authority accepted $7,365,000 principal amount out of $23,930,000 principal amount tendered of the Series 2022B Bonds, due to the cap on Series 2022B Bonds that the Authority was able to accept per sinking fund as a result of tax considerations and indenture requirements to retire sinking funds in order starting with the next succeeding sinking fund. The allocation of acceptances will be done on a pro rata basis among all of the investors who elected to tender the Series 2022B Bonds (the "Tendered Series 2022B Bonds"), subject to DTC operating procedures and minimum Authorized Denominations.

Tender of Series 1999A Bonds

A portion of the proceeds of the Series 2024A Bonds will be used to pay the purchase price to all holders of the Tendered Series 1999A Bonds. On the date of delivery of the Series 2024A Bonds, portions of the proceeds of the Series 2024A Bonds are to be deposited by the Trustee into the principal payment accounts of the Series 1999A Bonds to purchase the applicable Tendered 1999A Bonds in accordance with the Invitation.

The Tendered Series 1999A Bonds are described below.

Series 1999A Bonds - Capital Appreciation Bonds

Maturity Date (October 1)	Principal Amount at Issuance[(1)]	Maturity Value	Yield to Maturity	Accreted Value (as of October 1, 2023)	Amount Tendered[(2)]	Remaining Principal Amount[2)]	Offer Purchase Price[(3)]	Original CUSIP No. (010869)[(4)]
2030	$5,304,656.55	$27,345,000	5.250%	$19,025,283.75	$575,000	$26,770,000	86.408	AR6
2031	3,601,110.00	19,550,000	5.250	12,914,925.50	14,525,000	5,025,000	84.212	AS4
2032	4,925,411.60	28,255,000	5.260	17,707,408.50	23,405,000	4,850,000	81.976	AT2
2033	2,763,022.50	16,695,000	5.260	9,933,358.05	275,000	16,420,000	79.597	AU9

(1) Reflects the prior refunding of a portion of the principal amount.
(2) Amounts quoted are shown in terms of Maturity Value.
(3) No accrued interest will be paid. Offer Purchase Price is quoted as a percentage of $100 of Maturity Value per bond.
(4) CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable bond. None of the Underwriters or the Authority is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on applicable bonds or as included in this Official Statement.

Tender of Series 1999C Bonds

A portion of the proceeds of the Series 2024B Bonds are being issued to pay the purchase price to all holders of the Tendered Series 1999C Bonds. On the date of delivery of the Series 2024B Bonds, portions of the proceeds of the Series 2024B Bonds are to be deposited by the Trustee into the principal payment account of the Series 1999C Bonds to purchase the applicable Tendered Series 1999C Bonds in accordance with the Invitation.

The Tendered Series 1999C Bonds are described below.

Series 1999C Bonds- Capital Appreciation Bonds

Maturity Date (October 1)	Principal Amount at Issuance[(1)]	Maturity Value	Yield to Maturity	Accreted Value (as of October 1, 2023)	Amount Tendered[(2)]	Remaining Principal Amount[2)]	Offer Purchase Price[(3)]	CUSIP No. (010869)[(4)]
2030	$3,424,392.00	$28,680,000	6.830%	$17,922,705.60	$13,720,000	$14,960,000	73.657	CE3
2031	384,599.80	3,445,000	6.830	2,013,016.85	55,000	3,390,000	70.086	CF0
2032	3,290,372.80	31,520,000	6.830	17,221,897.60	25,000	31,495,000	66.516	CG8
2033	5,770,215.15	59,115,000	6.830	30,201,262.35	60,000	59,055,000	63.275	CH6

(1) Reflects the prior refunding of a portion of the principal amount.
(2) Amounts quoted are shown in terms of Maturity Value.
(3) No accrued interest will be paid. Offer Purchase Price is quoted as a percentage of $100 of Maturity Value per bond.
(4) CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable bond. None of the Underwriters or the Authority is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on applicable bonds or as included in this Official Statement.

Tender of Series 2004A Bonds

A portion of the proceeds of the Series 2024C Bonds are being issued to pay the purchase price to all holders of the Tendered Series 2004A Bonds. On the date of delivery of the Series 2024C Bonds, portions of the proceeds of the Series 2024C Bonds are to be deposited by the Trustee into the principal payment account of the Series 2004A Bonds to purchase the Tendered Series 2004A Bonds in accordance with the Invitation.

The Tendered Series 2004A Bonds are described below.

Series 2004A Bonds – Capital Appreciation Bonds

Maturity Date (October 1)	Principal Amount at Issuance[(1)]	Maturity Value	Yield to Maturity	Accreted Value (as of October 1, 2023)	Amount Tendered[(2)]	Remaining Principal Amount[2)]	Offer Purchase Price[(3)]	CUSIP No. (010869)[(4)]
2029	$ 13,641,408.90	$57,015,000	5.710%	$40,670,509.95	$30,585,000	$26,430,000	87.388	DU6
2030	22,708,010.70	100,665,000	5.720	67,830,090.30	47,185,000	53,480,000	85.200	DV4

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(1) Reflects the prior refunding of a portion of the principal amount.

(2) Amounts quoted are shown in terms of Maturity Value.

(2) No accrued interest will be paid. Offer Purchase Price is quoted as a percentage of $100 of Maturity Value per bond.

(3) CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable bond. None of the Underwriters or the Authority is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on applicable bonds or as included in this Official Statement.

Tender of Series 2004B Bonds

A portion of the proceeds of the Series 2024D Bonds are being issued to pay the purchase price to all holders of the Tendered Series 2004B Bonds. On the date of delivery of the Series 2024D Bonds, portions of the proceeds of the Series 2024D Bonds are to be deposited by the Trustee into the principal payment account of the Series 2004B Bonds to purchase the Tendered Series 2004B Bonds in accordance with the Invitation.

The Tendered Series 2004B Bonds are described below.

Series 2004B Bonds – Capital Appreciation Bonds

Maturity Date (October 1)	Principal Amount at Issuance	Maturity Value	Yield to Maturity	Accreted Value (as of October 1, 2023)	Amount Tendered[(1)]	Remaining Principal Amount[(1)]	Offer Purchase Price[(2)]	CUSIP No. (010869)[(3)]
2026	$ 25,085,189.75	$100,675,000	6.300%	$83,580,385.00	$3,500,000	$62,175,000[(4)]	89.031	ED3
2027	23,522,713.75	100,675,000	6.310	78,522,473.00	46,365,000	54,310,000	85.619	EE1
2028	22,052,770.20	100,670,000	6.320	73,753,862.10	23,425,000	77,245,000	81.649	EF8
2029	8,965,144.40	43,660,000	6.330	30,039,389.80	5,665,000	37,995,000	77.995	EG6
2031	18,249,457.60	100,670,000	6.330	61,146,958.00	13,195,000	87,475,000	70.191	EH4
2032	17,146,114.40	100,670,000	6.330	57,453,375.70	12,690,000	87,980,000	66.572	EJ0
2033	16,111,020.25	100,675,000	6.330	53,984,955.25	8,820,000	91,855,000	63.215	EK7

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(1) Amounts quoted are shown in terms of Maturity Value.

(2) No accrued interest will be paid. Offer Purchase Price is quoted as a percentage of $100 of Maturity Value per bond.

(3) CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable bond. None of the Underwriters or the Authority is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on applicable bonds or as included in this Official Statement.

(4) Reflects the Maturity value of the Series 2004B Bonds maturing on October 1, 2026, net of the Amount Tendered and amount defeased pursuant to the Defeased Series 2004B Bonds Escrow Agreement as defined herein.

Defeasance of Series 2004B Bonds

On the date of delivery of the Series 2024D Bonds, $35,000,000 of the proceeds of the Series 2024D Bonds are to be irrevocably deposited by the Trustee, in its capacity as trustee and escrow agent ("Escrow

Agent") and held in a separate escrow fund for the Defeased Series 2004B Bonds (the "Series 2004B Bonds Escrow Fund"), and applied to pay the Accreted Value of the Defeased Series 2004B Bonds to their maturity.

The Indenture provides that upon such deposit, the Defeased Series 2004B Bonds will no longer be Outstanding under the Indenture. Prior to the redemption or maturity, as applicable, of the Defeased Series 2004B Bonds, moneys on deposit in the Defeased Series 2004B Bonds Defeasance Escrow Fund are to be invested in noncallable Government Obligations.

Tender of Series 2022B Bonds

A portion of the proceeds of the Series 2024A Bonds will be used to pay the purchase price to a portion of the holders of the Tendered and Accepted Series 2022B Bonds. On the date of delivery of the Series 2024A Bonds, portions of the proceeds of the Series 2024A Bonds are to be deposited by the Trustee into the principal payment account of the Series 2022B Bonds to purchase the Tendered and Accepted Series 2022B Bonds accepted for purchase by the Authority in accordance with the Invitation.

The Authority accepted $7,365,000 principal amount out of $23,930,000 principal amount tendered of the Series 2022B Bonds, due to the cap on Series 2022B Bonds that the Authority was able to accept per sinking fund as a result of tax considerations and indenture requirements to retire sinking funds in order starting with the next succeeding sinking fund. The allocation of acceptances will be done on a pro rata basis among all of the Tendered Series 2022B Bonds, subject to DTC operating procedures and minimum Authorized Denominations. The Series 2022B Bonds accepted for purchase by the Authority will be applied to the first sinking fund redemption requirement on October 1, 2043. The revised mandatory sinking fund redemption schedule is provided in the Notice of Acceptance and Notice of Revised Mandatory Sinking Fund Redemption Schedule dated January 24, 2024.

The Tendered Series 2022B Bonds and the Tendered and Accepted Series 2022B Bonds are described below.

Series 2022B Bonds – Current Interest Bonds

Maturity Date (October 1)	Principal Amount	Tendered Series 2022B Bonds	Tendered and Accepted Series 2022B Bonds	Remaining Principal Amount	Interest Rate	Offer Purchase Price[2]	CUSIP No. (010869)[3]
2046[1]	$232,250,000	$23,930,000	$7,365,000	$224,885,000	5.396%	100.067	JL0

(1) Term bonds.
(2) Does not reflect accrued interest which will be paid.
(3) CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable bond. None of the Underwriters or the Authority is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on applicable bonds or as included in this Official Statement.

Projected Shortfalls After Implementation of Plan of Finance Using Internal Financial Model

Table 2-A below sets forth estimated future Use Fees and Container Charges and debt service coverage on the Bonds, including the Series 2024 Bonds, and the defeasances and tenders in connection with the issuance of the Series 2024 Bonds, from Total Dedicated Revenues (Use Fees and Container Charges and Contingent Port Obligations combined) based upon the Expected Base Case scenarios for fiscal years 2024 through 2062. In addition to those assumptions outlined above for Table 2, Table 2-A also reflects the following additional assumptions and adjustments: (i) that after the issuance of the Series 2024 Bonds, and the defeasances and tenders in connection with the issuance of the Series 2024 Bonds, no other Bonds are assumed to be issued and no other refunding tender/purchase programs are completed; (ii) that the issuance of the Series 2024 Bonds, and the defeasances and tenders in connection with the issuance of the Series 2024 Bonds, occurs as outlined in the plan of finance for the Series 2024 Bonds; and (iii) that excess Revenues are not utilized to redeem Bonds.

Although the restructuring to be accomplished by the issuance of the Series 2024 Bonds is designed to potentially reduce the frequency and amount of future Shortfall Advances, this restructuring does not reduce the Authority's overall debt service costs, rather, overall debt service costs are expected to increase in the aggregate, and, as a result of this restructuring and the issuance of the Series 2024 Bonds, the latest maturity of the Authority's Bonds will be extended beyond October 1, 2052. The Series 2024 Bonds mature later than the Authority's existing debt, with a final maturity scheduled for October 1, 2053. There can be no assurance that any of the Authority's financial estimates and expectations will be realized, that any assumptions will occur or the implementation of the plan of finance will be effective to eliminate or reduce the need for any Shortfall Advances, either in the near term through fiscal year 2026, or in the longer term after fiscal year 2026. See BONDHOLDERS' RISKS – Uncertainties of Estimates, Assumptions and Forward-Looking Statements."

TABLE 2-A

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
ESTIMATED DEBT SERVICE COVERAGE TABLE(1)

Fiscal Year Ending	Use Fees and Container Charges(2)(3) [A]	Contingent Port Obligations(4)(5) [B]	Total Dedicated Revenues [A]+[B]=[C]	Senior Lien Bonds Debt Service [D]	Debt Service Coverage for Senior Lien Bonds(6) [C]/[D]=[E]	First Subordinate Lien Bonds Debt Service(5) [F]	Debt Service Coverage for Senior Lien Bonds and First Subordinate Lien Bonds(5)(6)(7) [C]/([D]+[F])= [G]	Second Subordinate Lien Bonds Debt Service(5) [H]	Total Debt Service(5) [D]+[F]+[H]= [I]	Debt Service Coverage for All Bonds(5)(6)(7) [C]/([I]= [J]	Financing Fees(8) [J]	Debt Service Shortfall(9) [A]-[I]-[K]=[L]	Total Surplus / (Shortfall)(10)
2024	$86,474,794	$26,667,622	$113,142,415	$37,612,823	3.01x	$5,684,900	2.57x	$22,154,656	$65,452,379	1.71x	1,216,675	-	$6,379,492
2025	89,384,393	26,758,487	116,142,880	36,756,052	3.16x	6,744,500	2.63x	22,154,656	65,655,208	1.75x	1,241,008	-	8,936,203
2026	98,083,069	26,430,742	124,513,811	35,932,371	3.47x	6,724,000	2.87x	22,154,656	64,811,027	1.90x	1,265,829	-	18,326,001
2027	107,433,403	64,728,651	172,162,054	76,200,826	2.26x	62,175,000	1.24x	22,154,656	160,530,482	1.07x	1,291,145	$(54,388,224.31)	(68,199,241)
2028	115,171,590	61,431,177	176,602,767	75,796,319	2.33x	54,310,000	1.35x	22,154,656	152,260,975	1.15x	1,316,968	(38,406,352.92)	(52,350,790)
2029	121,002,152	70,446,723	191,448,874	75,373,843	2.54x	77,245,000	1.25x	22,154,656	174,773,499	1.09x	1,343,307	(55,114,654.54)	(69,195,180)
2030	127,127,886	65,157,358	192,285,244	74,943,565	2.57x	64,425,000	1.37x	22,154,656	161,523,221	1.18x	1,370,174	(35,765,508.75)	(49,984,845)
2031	133,563,735	55,107,925	188,671,660	60,737,580	3.11x	53,480,000	1.64x	22,154,656	136,372,236	1.37x	1,397,577	(4,206,078.51)	(18,567,001)
2032	140,325,399	55,033,239	195,358,638	26,527,914	7.36x	87,475,000	1.71x	22,154,656	136,157,570	1.42x	1,425,529	-	(11,763,041)
2033	147,429,372	66,052,403	213,481,775	53,542,312	3.99x	87,980,000	1.50x	22,154,656	163,676,968	1.29x	1,454,039	(17,701,635.22)	(32,354,283)
2034	154,892,984	82,893,790	237,786,774	91,741,698	2.59x	91,855,000	1.29x	22,154,656	205,751,354	1.15x	1,483,120	(52,341,490.02)	(67,144,391)
2035	162,734,442	86,330,144	249,064,586	100,861,871	2.47x	-	2.45x	113,450,706	214,312,577	1.16x	1,512,782	(53,090,918.09)	(68,047,077)
2036	170,972,873	74,990,506	245,963,379	99,115,771	2.48x	-	2.46x	86,817,456	185,933,227	1.32x	1,543,038	(16,503,392.13)	(31,615,874)
2037	179,628,374	84,611,709	264,240,083	99,994,295	2.64x	-	2.62x	109,961,078	209,955,373	1.25x	1,573,899	(31,900,897.08)	(47,172,829)
2038	188,722,061	92,553,976	281,276,037	111,076,845	2.53x	-	2.51x	118,702,718	229,779,563	1.22x	1,605,377	(42,662,878.60)	(58,097,449)
2039	198,276,115	63,043,326	261,319,441	101,794,396	2.57x	35,795,000	1.88x	18,381,435	155,970,831	1.66x	1,637,484	-	25,067,338
2040	208,313,844	63,056,426	271,370,270	101,794,396	2.67x	35,795,000	1.96x	18,381,435	155,970,831	1.72x	1,670,234	-	34,903,108
2041	218,859,732	63,069,788	281,929,520	101,794,396	2.77x	35,795,000	2.03x	18,381,435	155,970,831	1.79x	1,703,639	-	45,242,998
2042	229,939,506	63,083,417	293,022,923	101,794,396	2.88x	35,795,000	2.11x	18,381,435	155,970,831	1.86x	1,737,711	-	56,112,654
2043	241,580,193	63,097,319	304,677,512	101,794,396	2.99x	35,795,000	2.20x	18,381,435	155,970,831	1.93x	1,772,466	-	67,539,021
2044	253,810,191	62,800,550	316,610,741	101,017,026	3.13x	35,795,000	2.29x	18,381,435	155,193,461	2.02x	1,807,915	-	80,327,782
2045	266,659,332	62,384,805	329,044,136	99,941,504	3.29x	35,795,000	2.40x	18,381,435	154,117,939	2.11x	1,844,073	-	94,029,465
2046	280,158,960	65,509,757	345,668,717	99,837,002	3.46x	43,675,000	2.39x	18,381,435	161,893,437	2.11x	1,880,955	-	99,526,158
2047	294,342,008	69,054,154	363,396,162	100,380,376	3.62x	51,955,000	2.37x	18,381,435	170,716,811	2.11x	1,918,574	-	104,653,843
2048	309,243,072	72,269,320	381,512,391	99,684,919	3.83x	60,650,000	2.36x	18,381,435	178,716,354	2.11x	1,956,945	-	111,318,738
2049	324,898,502	76,985,103	401,883,605	99,543,434	4.04x	66,335,000	2.41x	24,588,240	190,466,674	2.09x	1,996,084	-	114,982,489
2050	341,346,489	71,023,481	412,369,969	99,411,316	4.15x	22,875,000	3.34x	53,236,380	175,522,696	2.33x	2,036,006	-	146,128,267
2051	358,627,155	66,084,083	424,711,238	99,560,090	4.27x	-	4.21x	63,573,393	163,133,483	2.58x	2,076,726	-	175,547,035
2052	376,782,655	80,369,224	457,151,879	81,204,840	5.63x	-	5.57x	117,599,960	198,804,800	2.29x	2,118,261	-	157,775,085
2053	395,857,276	80,296,420	476,153,697	46,480,000	10.24x	-	10.13x	152,100,425	198,580,425	2.39x	2,160,626	-	176,812,826
2054	415,897,551	64,695,535	480,593,086	58,860,000	8.17x	100,675,000	3.00x	-	159,535,000	2.97x	2,203,838	-	235,632,045
2055	436,952,365	-	436,952,365	-	-	-	-	-	-	-	-	-	418,197,964
2056	459,073,078	-	459,073,078	-	-	-	-	-	-	-	-	-	440,086,389
2057	482,313,653	-	482,313,653	-	-	-	-	-	-	-	-	-	463,090,030
2058	506,730,781	-	506,730,781	-	-	-	-	-	-	-	-	-	487,265,486
2059	532,384,027	-	532,384,027	-	-	-	-	-	-	-	-	-	512,672,226
2060	559,335,968	-	559,335,968	-	-	-	-	-	-	-	-	-	539,372,731
2061	587,652,352	-	587,652,352	-	-	-	-	-	-	-	-	-	567,432,650
2062	450,530,054	-	450,530,054	-	-		-	-	-	-	-	-	450,530,054
Total(1)	$10,752,511,384	$2,026,017,159	$12,778,528,543	$2,551,106,568	-	$1,194,828,400	-	$1,267,545,925	5,013,480,893	-	$51,562,005	(402,082,030)	$5,063,396,079

See next page for footnotes.

(1) The assumptions in this table reflect the purchase of the Tendered Bonds and the defeasance of the Defeased Series 2004B Bonds. The assumptions in this table do not take into consideration any other future financings to refund certain of the Outstanding Bonds. See “BONDHOLDERS’ RISKS – Potential Future Financings.” The assumptions in this table assume that the Use Permit is at some point prior to its current expiration of December 14, 2048 extended to October 1, 2062 or beyond.

(2) Based on the Authority’s actual TEU throughput volumes for calendar year 2023, the first nine calendar months of calendar year 2023 and Authority projections based on assumptions for Port loaded TEU Growth, CPI and Capture Rate. Use Fees and Container Charges are shown in the fiscal years estimated to be received. Also assumes that the Shortfall Advance Surcharge is included in fiscal years 2022 through 2062. See the paragraph immediately preceding Table 2.

(3) Use Fees and Container Charges are shown in the fiscal years to be received.

(4) Contingent Port Obligations are equal to 40% of the Annual Amount. See “AUTHORITY REVENUES-Shortfall Advances” and the definition of Annual Amount in APPENDIX E—“SUMMARY OF PRINCIPAL DOCUMENTS— OPERATING AGREEMENT.” Contingent Port Obligations do not reflect actual or anticipated implementation of the proposed tender or any refunding of debt service.

(5) Debt Service on the Bonds (and Contingent Port Obligations) shown in this Table are shown in the fiscal years in which payment is due.

(6) Debt service coverage ratios do not assume any release of debt service reserve funds as to any of the Outstanding Bonds.

(7) Debt service coverage calculations for the First Subordinate Lien Bonds and for all Bonds differs slightly from the referenced letters. Debt service coverage calculations for the First Subordinate Lien Bonds is calculated as the Total Dedicated Revenues divided by the sum of the Senior Lien Debt Service, First Subordinate Lien Debt Service, and the portion of the Financing Fees associated with the Senior Lien Debt Service and First Subordinate Lien. Debt service coverage calculations for all Bonds is calculated as the Total Dedicated Revenues divided by the sum of Total Debt Service and the portion of the Financing Fees associated with the Senior Lien and First Subordinate Lien (but not Financing Fees associated with the Second Subordinate Lien). Such calculations are based on the Flow of Funds, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds.”

(8) Financing Fees are allocated by lien in calculating coverage for First Subordinate Lien Bonds and Second Subordinate Lien Bonds.

(9) The Authority is required 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 Advance that is expected to be required from each Port during such fiscal year, six months in advance of the October 1 principal payment date (and in the fiscal year preceding such principal payment date). Table 2 shows fiscal year debt service shortfalls, including Financing Fees, not projected Shortfall Advances, based on fiscal year debt service. For the purpose of determining Shortfall Advances, the Authority calculates estimated debt service shortfalls, including Financing Fees, on a Bond Year basis, which may differ from debt service shortfalls, including Financing Fees, on a Fiscal Year basis. Shortfall Advances are based on projected debt service shortfalls, including Financing Fees, calculated on a Bond Year basis.

(10) The Total Surplus / (Shortfall) amount in each year is calculated as Use Fees and Container Charges less Total Debt Service, Financing Fees, Reserve Replenishment and Administrative Costs. Reserve Replenishment is estimated at approximately $7.1 million per year through fiscal year 2062. Administrative costs are estimated at approximately $6.0 million in fiscal year 2023 and have an assumed growth of approximately 2% per year through fiscal year 2062, at which point Administrative Costs are estimated to be $13.1 million. Totals in this column do not reflect the contribution of Shortfall Advances by the Ports.

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

No assurances can be given that the projections discussed in this Official Statement will occur or that other assumptions for hypothetical cargo throughput and revenues will be realized. See “BONDHOLDERS’ RISKS – Uncertainties of Estimates, Assumptions and Forward-Looking Statements.”

Verification Report

An independent verification report (the “Verification Report”) will be obtained from Robert Thomas CPA, LLC, a firm of independent certified public accountants (the “Verification Agent”), which will verify from the information provided to them by J.P. Morgan Securities LLC the mathematical accuracy of the computations contained in the provided schedules to determine that (i) there will be sufficient cash available on February 6, 2024 to pay the offer prices on the Tendered Bonds and accrued interest on the Tendered and Accepted Series 2022B Bonds through February 6, 2024, (ii) the escrow fund deposit with respect to the defeasance of a portion of the Series 2004B Bonds to be held by the Escrow Agent will be sufficient to pay principal and interest on the applicable defeased Series 2004B Bonds at their date of maturity, and (iii) confirm the arbitrage yield on the Series 2024A Bonds and Series 2024C Bonds.

SOURCES AND USES OF FUNDS

The proceeds of the Series 2024 Bonds, together with other available funds, are expected to be applied as follows:

TABLE 3

SOURCES AND USES OF FUNDS

Sources of Funds:	Series 2024A	Series 2024B	Series 2024C	Series 2024D	Total
Principal amount	$41,012,719.60	$10,903,892.10	$29,683,160.50	$134,632,983.10	$216,232,755.30
Original issue premium	821,793.70	--	--	--	821,793.70
Series 2022B Debt Service Fund(1)	137,991.43	--	--	--	137,991.43
Series 2004A Debt Service Reserve Account(2)	--	--	18,372,448.00	--	18,372,448.00
Authority Contribution	--	--	21,559,813.00	--	21,559,813.00
Total Sources of Funds	**$41,972,504.73**	**$10,903,892.10**	**$69,615,421.50**	**$134,632,983.10**	**$257,124,801.43**
Uses of Funds:					
Payment for Tender Purchase Price	$39,641,939.53	$10,198,881.70	$66,929,239.80	$89,643,281.60	$206,413,342.63
Deposit to Series 2004B Bonds Escrow Fund	--	--	--	35,000,000.00	35,000,000.00
Costs of Issuance(3)	2,330,565.20	705,010.40	2,686,181.70	9,989,701.50	15,711,458.80
Total Uses of Funds	**$41,972,504.73**	**$10,903,892.10**	**$69,615,421.50**	**$134,632,983.10**	**$257,124,801.43**

(1) Reflects accrued interest on the Series 2022B Bonds accepted for tender by the Authority through February 6, 2024.

(2) Reflects the difference between the balance in the Series 2004A Debt Service Reserve Account and the Debt Service Reserve Requirement for the Series 2004A Bonds after tendering the Tendered Series 2004A Bonds, as of February 6, 2024.

(3) Costs of Issuance include, but are not limited to, legal fees and expenses, Trustee fees, Escrow Agent fees, Verification Agent fees, Underwriters' discount, rating agency fees, Dealer Managers' fees, Municipal Advisor fees, purchase price for the Series 2024 Reserve Policies, purchase price for the Series 2024 Bond Insurance Policies and printing costs.

Debt Service Schedule. Table 4 is a debt service schedule for the Outstanding Bonds, including the Series 2024 Bonds and excluding the Tendered Series 1999A Bonds, the Tendered Series 1999C Bonds, the Tendered Series 2004A Bonds, the Tendered and Accepted Series 2022B Bonds accepted for purchase by the Authority and the Defeased Series 2004B Bonds.

TABLE 4

DEBT SERVICE SCHEDULE

				Series 2024A Bonds		Series 2024B Bonds		Series 2024C Bonds		Series 2024D Bonds		
Fiscal Year Ending June 30	Outstanding Senior Lien Bonds[1]	Outstanding First Subordinate Lien Bonds[1]	Outstanding Second Subordinate Lien Bonds[2]	Principal	Interest [3]	Principal	Interest [4]	Principal	Interest [4]	Principal	Interest [4]	Total Outstanding Debt Service [5]
2024	$37,560,955	$5,684,900	$22,154,656	--	$51,868	--	--	--	--	--	--	$65,452,379
2025	36,416,552	6,744,500	22,154,656	--	339,500	--	--	--	--	--	--	65,655,208
2026	35,592,871	6,724,000	22,154,656	--	339,500	--	--	--	--	--	--	64,811,027
2027	75,861,326	62,175,000	22,154,656	--	339,500	--	--	--	--	--	--	160,530,482
2028	75,456,819	54,310,000	22,154,656	--	339,500	--	--	--	--	--	--	152,260,975
2029	75,034,343	77,245,000	22,154,656	--	339,500	--	--	--	--	--	--	174,773,499
2030	74,604,065	64,425,000	22,154,656	--	339,500	--	--	--	--	--	--	161,523,221
2031	60,398,080	53,480,000	22,154,656	--	339,500	--	--	--	--	--	--	136,372,236
2032	26,188,414	87,475,000	22,154,656	--	339,500	--	--	--	--	--	--	136,157,570
2033	53,202,812	87,980,000	22,154,656	--	339,500	--	--	--	--	--	--	163,676,968
2034	91,402,198	91,855,000	22,154,656	--	339,500	--	--	--	--	--	--	205,751,354
2035	100,522,371	--	113,450,706	--	339,500	--	--	--	--	--	--	214,312,577
2036	98,776,271	--	86,817,456	--	339,500	--	--	--	--	--	--	185,933,227
2037	99,654,795	--	109,961,078	--	339,500	--	--	--	--	--	--	209,955,373
2038	110,737,345	--	118,702,718	--	339,500	--	--	--	--	--	--	229,779,563
2039	101,454,896	--	18,381,435	--	339,500	--	--	--	--	$14,551,741	$21,243,259	155,970,831
2040	101,454,896	--	18,381,435	--	339,500	--	--	--	--	13,643,264	22,151,736	155,970,831
2041	101,454,896	--	18,381,435	--	339,500	--	--	--	--	12,683,958	23,111,042	155,970,831
2042	101,454,896	--	18,381,435	--	339,500	--	--	--	--	11,877,139	23,917,861	155,970,831
2043	101,454,896	--	18,381,435	--	339,500	--	--	--	--	11,117,211	24,677,789	155,970,831
2044	93,422,276	--	18,381,435	6,790,000	169,750	$193,535	$441,465	--	--	10,402,027	25,392,973	155,193,461
2045	99,941,504	--	18,381,435	--	--	--	--	--	--	9,729,081	26,065,919	154,117,939
2046	99,837,002	--	18,381,435	--	--	--	--	--	--	11,098,691	32,576,309	161,893,437
2047	76,110,376	--	18,381,435	--	--	6,089,100	18,180,900	--	--	12,338,793	39,616,207	170,716,811
2048	99,684,919	--	18,381,435	--	--	--	--	--	--	13,456,416	47,193,585	178,716,354
2049	99,543,434	--	24,588,240	--	--	--	--	--	--	13,734,662	52,600,338	190,466,674
2050	99,411,316	--	53,236,380	--	--	--	--	$6,607,444	$16,267,556	--	--	175,522,696
2051	88,880,090	--	63,573,393	--	--	2,054,512	8,625,488	--	--	--	--	163,133,483
2052	34,719,840	--	117,599,960	8,538,264	23,676,736	2,566,745	11,703,255	--	--	--	--	198,804,800
2053	--	--	152,100,425	11,675,776	34,804,224	--	--	--	--	--	--	198,580,425
2054	--	--	--	14,008,680	44,851,320	--	--	23,075,717	77,599,283			159,535,000
2055	--	--	--	--	--	--	--	--	--	--	--	--
2056	--	--	--	--	--	--	--	--	--	--	--	--
2057	--	--	--	--	--	--	--	--	--	--	--	--
2058	--	--	--	--	--	--	--	--	--	--	--	--
2059	--	--	--	--	--	--	--	--	--	--	--	--
2060	--	--	--	--	--	--	--	--	--	--	--	--
2061	--	--	--	--	--	--	--	--	--	--	--	--
2062	--	--	--	--	--	--	--	--	--	--	--	--
Total[5]	**$2,350,234,450**	**$598,098,400**	**$1,267,545,925**	**$41,012,720**	**$110,004,398**	**$10,903,892**	**$38,951,108**	**$29,683,161**	**$93,866,840**	**$134,632,983**	**$338,547,017**	**$5,013,480,893**

(1) Excludes debt service for the Tendered Series 1999A Bonds, Tendered Series 1999C Bonds, and Tendered and Accepted Series 2022B Bonds.

(2) Excludes debt service for the Tendered Series 2004A Bonds, Tendered Series 2004B Bonds and the Defeased Series 2004B Bonds.

(3) Interest payments with respect to the Series 2024A Bonds that are Current Interest Bonds are payable in Fiscal Years 2024 through 2044 are current. Interest payments with respect to the Series 2024A Bonds in Fiscal Years 2052 through 2054 are compounded interest payments on the Series 2024A Bonds that are Capital Appreciation Bonds.

(4) Interest payments with respect to the Series 2024B Bonds, the Series 2024C Bonds and the Series 2024D Bonds are compounded interest payments on such Bonds that are Capital Appreciation Bonds.

(5) Amounts may not add up due to rounding.

Source: The Authority.

DESCRIPTION OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be issued in the aggregate Initial Amount or principal amount, as applicable, described on the inside front cover of this Official Statement. The Series 2024 Bonds will consist of Capital Appreciation Bonds and Current Interest Bonds as further described below. The Series 2024 Bonds are issued under and subject to the terms of the Indenture and are secured by and payable from the Trust Estate in accordance with the terms of the Indenture.

The Series 2024A Bonds and the Series 2024B Bonds will be Senior Lien Bonds as defined pursuant to the Indenture. The Series 2024A Bonds and the Series 2024B Bonds will be on a parity with the Outstanding Series 1999A Bonds, the Outstanding Series 1999C Bonds, the Outstanding Series 2012 Bonds, the Outstanding Series 2022A Bonds, the Outstanding Series 2022B Bonds and any other Senior Lien Bonds issued under the Indenture, as and to the extent provided in the Indenture.

The Series 2024C Bonds and the Series 2024D Bonds will be First Subordinate Lien Bonds as defined pursuant to the Indenture. The Series 2024C Bonds and Series 2024D Bonds will be on a parity with the Outstanding Series 2004A Bonds, the Outstanding Series 2004B Bonds, the Outstanding Series 2016A Bonds and any other First Subordinate Lien Bonds issued under the Indenture, as and to the extent provided in the Indenture.

Terms of the Series 2024A Bonds

The Series 2024A Bonds will be dated their date of initial delivery. The Series 2024A Bonds will be issued only in Authorized Denominations. For a description of the Authorized Denominations for each of the Series 2024 Bonds that are Capital Appreciation Bonds and/or Current Interest Bonds, see Appendix E.

Under the Indenture, the Series 2024A Bonds will consist of Capital Appreciation Bonds and/or Current Interest Bonds. All payments in respect of the Series 2024A Bonds will be made by the Authority in lawful money of the United States of America.

Terms of the Series 2024A Capital Appreciation Bonds

The Final Compounded Amount of the Series 2024A Capital Appreciation Bonds is required to be paid on the applicable Principal Payment Date. The Series 2024A Capital Appreciation Bonds will be in the Initial Amounts and will mature, subject to prior redemption in the years and in the Final Compounded Amounts and will accrete interest at the rates, as set forth on the inside front cover of this Official Statement.

Interest on the Series 2024A Capital Appreciation Bonds will accrue, but will not be payable until maturity or prior redemption, at the applicable rate set forth above, compounded semiannually on April 1 and October 1 of each year, commencing April 1, 2024. The Accreted Value with respect to the Series 2024 Bonds on April 1 and October 1 of each year will be as set forth on the Accreted Value Table included in APPENDIX I – ACCRETED VALUE TABLES” to this Official Statement. The Accreted Value with respect to the Series 2024A Capital Appreciation Bonds on any date other than April 1 and October 1 of any year will be calculated by the Trustee using straight line interpolation, which calculation will be binding absent manifest error.

Payment of the Final Compounded Amount or the redemption price of the Series 2024A Capital Appreciation Bonds will be made upon surrender of the Series 2024A Capital Appreciation Bonds to the Trustee.

If the Accreted Value of a Series 2024A Capital Appreciation Bond becomes due and payable, but has not been paid when due, and no provision is made for its payment, then interest on overdue Accreted Value and, to the extent lawful, on overdue interest will accrue at the rate applicable to such Series 2024A Capital Appreciation Bonds until all overdue amounts (including interest thereon) are paid in full (or payment of such amounts is provided for as set forth in the Indenture).

<u>Terms of the Series 2024A Current Interest Bonds</u>

The Series 2024A Current Interest Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2024A Current Interest Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2024A Current Interest Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event such Series 2024A Current Interest Bond will bear interest from its date of initial delivery.

Interest on the Series 2024A Current Interest Bonds must be paid on each Interest Payment Date. Principal on the Series 2024A Current Interest Bonds must be paid on the applicable Principal Payment Date. Interest on the Series 2024A Current Interest Bonds must be calculated on the basis of a year of 360 days and twelve (12) thirty (30)-day months.

Payment of principal of the Series 2024A Current Interest Bonds must be made upon surrender of such Series 2024A Current Interest Bonds to the Trustee. Payment of interest on the Series 2024A Current Interest Bonds which are not book-entry Series 2024A Bonds must be paid by check or draft of the Trustee mailed by first-class mail to the person who is the registered Owner thereof on the Record Date, and such payment must be mailed to such Owner at his address as it appears on the registration books of the Registrar.

<u>Exchange of Series 2024A Bonds</u>

Series 2024A Bonds which are delivered to the Registrar for exchange pursuant to the Indenture may be exchanged for an equal total principal amount or Initial Amount, as applicable, of Series 2024A Bonds of the same type, interest rate and maturity date in Authorized Denominations.

Terms of the Series 2024B Bonds

The Series 2024B Bonds will be dated their date of initial delivery. The Series 2024B Bonds will be issued only in Authorized Denominations. Under the Indenture, the Series 2024B Bonds will consist of Capital Appreciation Bonds. All payments in respect of the Series 2024B Bonds will be made by the Authority in lawful money of the United States of America.

<u>Terms of the Series 2024B Bonds - Capital Appreciation Bonds</u>

The Final Compounded Amount of the Series 2024B Bonds is required to be paid on the applicable Principal Payment Date. The Series 2024B Bonds will be in the Initial Amounts and will mature, subject to prior redemption in the years and in the Final Compounded Amounts and will accrete interest at the rates, as set forth on the inside front cover of this Official Statement.

Interest on the Series 2024B Bonds will accrue, but will not be payable until maturity or prior redemption, at the applicable rate set forth above, compounded semiannually on April 1 and October 1 of each year, commencing April 1, 2024. The Accreted Value with respect to the Series 2024B Bonds on April 1 and October 1 of each year will be as set forth on the Accreted Value Table included in APPENDIX I – ACCRETED VALUE TABLES" to this Official Statement. The Accreted Value with respect to the Series 2024B Bonds on any date other than April 1 and October 1 of any year will be calculated by the Trustee using straight line interpolation, which calculation will be binding absent manifest error.

Payment of the Final Compounded Amount or the redemption price of the Series 2024B Bonds will be made upon surrender of the Series 2024B Bonds to the Trustee.

If the Accreted Value of a Series 2024B Bonds becomes due and payable, but has not been paid when due, and no provision is made for its payment, then interest on overdue Accreted Value and, to the extent lawful, on overdue interest will accrue at the rate applicable to such Series 2024B Bonds until all overdue amounts (including interest thereon) are paid in full (or payment of such amounts is provided for as set forth in the Indenture).

<u>Exchange of Series 2024B Bonds</u>

Series 2024B Bonds which are delivered to the Registrar for exchange pursuant to the Indenture may be exchanged for an equal total principal amount or Initial Amount, as applicable, of Series 2024B Bonds of the same type, interest rate and maturity date in Authorized Denominations.

Terms of the Series 2024C Bonds

The Series 2024C Bonds will be dated their date of initial delivery. The Series 2024C Bonds will be issued only in Authorized Denominations. Under the Indenture, the Series 2024C Bonds will consist of Capital Appreciation Bonds. All payments in respect of the Series 2024C Bonds will be made by the Authority in lawful money of the United States of America.

<u>Terms of the Series 2024C Capital Appreciation Bonds</u>

The Final Compounded Amount of the Series 2024C Capital Appreciation Bonds is required to be paid on the applicable Principal Payment Date. The Series 2024C Capital Appreciation Bonds will be in the Initial Amounts and will mature, subject to prior redemption in the years and in the Final Compounded Amounts and will accrete interest at the rates, as set forth on the inside front cover of this Official Statement.

Interest on the Series 2024C Capital Appreciation Bonds will accrue, but will not be payable until maturity or prior redemption, at the applicable rate set forth above, compounded semiannually on April 1 and October 1 of each year, commencing April 1, 2024. The Accreted Value with respect to the Series 2024C Bonds on April 1 and October 1 of each year will be as set forth on the Accreted Value Table included in APPENDIX I – ACCRETED VALUE TABLES" to this Official Statement. The Accreted Value with respect to the Series 2024C Capital Appreciation Bonds on any date other than April 1 and October 1 of any year will be calculated by the Trustee using straight line interpolation, which calculation will be binding absent manifest error.

Payment of the Final Compounded Amount or the redemption price of the Series 2024C Capital Appreciation Bonds will be made upon surrender of the Series 2024C Capital Appreciation Bonds to the Trustee.

If the Accreted Value of a Series 2024C Capital Appreciation Bonds becomes due and payable, but has not been paid when due, and no provision is made for its payment, then interest on overdue Accreted Value and, to the extent lawful, on overdue interest will accrue at the rate applicable to such Series 2024C Capital Appreciation Bonds until all overdue amounts (including interest thereon) are paid in full (or payment of such amounts is provided for as set forth in the Indenture).

<u>Exchange of Series 2024C Bonds</u>

Series 2024C Bonds which are delivered to the Registrar for exchange pursuant to the Indenture may be exchanged for an equal total principal amount or Initial Amount, as applicable, of Series 2024C Bonds of the same type, interest rate and maturity date in Authorized Denominations.

Terms of the Series 2024D Bonds

The Series 2024D Bonds will be dated their date of initial delivery. The Series 2024D Bonds will be issued only in Authorized Denominations. Under the Indenture, the Series 2024D Bonds will consist of Capital Appreciation Bonds. All payments in respect of the Series 2024D Bonds will be made by the Authority in lawful money of the United States of America.

<u>Terms of the Series 2024D Bonds - Capital Appreciation Bonds</u>

The Final Compounded Amount of the Series 2024D Bonds is required to be paid on the applicable Principal Payment Date. The Series 2024D Bonds will be in the Initial Amounts and will mature, subject to prior redemption in the years and in the Final Compounded Amounts and will accrete interest at the rates, as set forth on the inside front cover of this Official Statement.

Interest on the Series 2024D Bonds will accrue, but will not be payable until maturity or prior redemption, at the applicable rate set forth above, compounded semiannually on April 1 and October 1 of each year, commencing April 1, 2024. The Accreted Value with respect to the Series 2024D Bonds on April 1 and October 1 of each year will be as set forth on the Accreted Value Table included in APPENDIX I – ACCRETED VALUE TABLES" to this Official Statement. The Accreted Value with respect to the Series 2024B Bonds on any date other than April 1 and October 1 of any year will be calculated by the Trustee using straight line interpolation, which calculation will be binding absent manifest error.

Payment of the Final Compounded Amount or the redemption price of the Series 2024D Bonds will be made upon surrender of the Series 2024D Bonds to the Trustee.

If the Accreted Value of a Series 2024D Bonds becomes due and payable, but has not been paid when due, and no provision is made for its payment, then interest on overdue Accreted Value and, to the extent lawful, on overdue interest will accrue at the rate applicable to such Series 2024D Bonds until all overdue amounts (including interest thereon) are paid in full (or payment of such amounts is provided for as set forth in the Indenture).

<u>*Exchange of Series 2024D Bonds*</u>

Series 2024D Bonds which are delivered to the Registrar for exchange pursuant to the Indenture may be exchanged for an equal total principal amount or Initial Amount, as applicable, of Series 2024D Bonds of the same type, interest rate and maturity date in Authorized Denominations.

Book-Entry Series 2024 Bonds

When issued, the Series 2024 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 2024 Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interest in the Series 2024 Bonds purchased. Except as described below under "TAX MATTERS," so long as Cede & Co. is the registered owner of the Series 2024 Bonds, as nominee of DTC, references herein to "Series 2024 Bondholders" or to "registered owners" mean Cede & Co. and not the Beneficial Owners of such Series 2024 Bonds. In this Official Statement, the term "Beneficial Owner" or "Bondholder" means the person for whom a DTC participant acquires an interest in the Series 2024 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 2024 Bonds, the principal of Accreted Value, Final Compounded Amount, premium, if any, and interest on the Series 2024 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

Make-Whole Optional Redemption of Series 2024 Bonds

<u>*Make-Whole Optional Redemption of Series 2024B Bonds*</u>

Prior to October 1, 2034, the Series 2024B Bonds are subject to redemption at the option of the Authority at any time in whole or in part, at redemption price equal to the greater of:

(1) 100% of the Accreted Value of the Series 2024B Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series 2024B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2024B Bonds are to be redeemed, discounted to the date on which such Series 2024B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) (i), with respect to the Series 2024B Bonds maturing on October 1, 2043, plus 25 basis points and (ii) with respect to the Series 2024B Bonds maturing on October 1, 2046, 2050 and 2051, plus 30 basis points.

"Treasury Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such Series 2024B Bond (taking into account any sinking fund installments for such Series 2024B Bonds); however, if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Series 2024B Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee.

Make-Whole Optional Redemption of Series 2024D Bonds

Prior to October 1, 2034, the Series 2024D Bonds are subject to redemption at the option of the Authority at any time in whole or in part, at redemption price equal to the greater of:

(1) 100% of the Accreted Value of the Series 2024D Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series 2024D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2024D Bonds are to be redeemed, discounted to the date on which such Series 2024D Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) (i), with respect to the Series 2024D Bonds maturing on October 1, 2038 and 2039, plus 35 basis points, (ii) with respect to the Series 2024D Bonds maturing on October 1, 2040, 2041, 2042, 2043, 2044, 2045, 2046 and 2047, plus 30 basis points and (ii) with respect to the Series 2024D Bonds maturing on October 1, 2048, plus 35 basis points, plus, in each case, accrued interest on such Series 2024D Bonds to be redeemed to but not including the redemption date.

"Treasury Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such Series 2024D Bond (taking into account any sinking fund installments for such Series 2024D Bonds); however, if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Series 2024D Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee.

Optional Redemption of the Series 2024A Bonds

The Series 2024A Capital Appreciation Bonds are subject to optional redemption, on any date on or after October 1, 2034, in whole or in part, at the option of the Authority, from any moneys that may be provided for such purpose, at a redemption price equal to 100% of the Accreted Value on such Series 2024A Capital Appreciation Bonds as of the date fixed for redemption.

The Series 2024A Current Interest Bonds are subject to optional redemption, on any date on or after October 1, 2034, in whole or in part, at the option of the Authority, from any moneys that may be provided for such purpose, at a redemption price equal to 100% of the principal amount of such Series 2024A Current Interest Bonds so redeemed plus accrued interest to the date fixed for redemption, without premium.

Optional Redemption of the Series 2024B Bonds

The Series 2024B Bonds are subject to optional redemption, on any date on or after October 1, 2034, in whole or in part, at the option of the Authority, from any moneys that may be provided for such purpose, at a redemption price equal to 100% of the Accreted Value on such Series 2024B Bonds as of the date fixed for redemption.

Optional Redemption of the Series 2024C Bonds

The Series 2024C Bonds maturing on and after October 1, 2034 are subject to optional redemption, in whole or in part, at the option of the Authority, from any moneys that may be provided for such purpose, at a redemption price equal to 100% of the Accreted Value on such Series 2024C Bonds as of the date fixed for redemption.

Optional Redemption of the Series 2024D Bonds

The Series 2024D Bonds are subject to optional redemption, on any date on or after October 1, 2034, in whole or in part, at the option of the Authority, from any moneys that may be provided for such purpose, at a redemption price equal to 100% of the Accreted Value on such Series 2024D Bonds as of the date fixed for redemption.

Extraordinary Redemption

The Master Indenture provides that the Bonds of each series, including each series of the Series 2024 Bonds, 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, 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 to this provision are to be redeemed in the following order of priority: (i) Senior Lien Bonds, (ii) First Subordinate Lien Bonds and (iii) the Second Subordinate Lien 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 2024 Bonds for Redemption; Effect of Redemption and Cessation of Interest

The Trustee is required to give notice of redemption (which, in the case of optional redemption, may be conditional), in the name of the Authority, to Bondholders of the Series 2024 Bonds to be redeemed pursuant to the Indenture at least thirty days (or at least twenty days for Book-Entry Series 2024 Bonds) but not more than sixty days before each date fixed for redemption. The Trustee is required to send such notices of redemption by first class mail (or with respect to the Series 2024 Bonds held by DTC, in accordance with DTC operating procedures) to each owner of a Series 2024 Bond to be redeemed; each such notice shall be sent to the owner's registered address.

Each notice of redemption is required to specify the Series 2024 Bonds to be redeemed, the date of issue, the maturity date thereof, if less than all Series 2024 Bonds of a maturity are called for redemption, the numbers of the Series 2024 Bonds, the principal amount or Initial Amount and the CUSIP numbers assigned to the Series 2024 Bonds to be redeemed, the principal amount or Accreted Value to be redeemed and the interest rate applicable to the Series 2024 Bonds to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's or Paying Agent's name, that payment will be made upon presentation and surrender of the Series 2024 Bonds to be redeemed to the Trustee, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue on the Series 2024 Bonds called for redemption, to the extent that moneys for payment of the redemption price, including accrued interest to the date fixed for redemption, are being held in trust by the Trustee therefor. In the case of optional redemptions, each such notice is required to further state that the proposed redemption is conditioned on there being on deposit in the applicable account, on the date fixed for redemption, sufficient money to pay the full Accreted Value of, or the principal of and interest on, as applicable, the Series 2024 Bonds to be redeemed.

Failure to give any required notice of redemption as to any particular Series 2024 Bonds will not affect the validity of the call for redemption of any other Series 2024 Bonds with respect to which such failure does not occur. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2024 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price; provided that, in the case of optional redemption, sufficient money to pay the full redemption price of the Series 2024 Bonds to be redeemed is on deposit in the applicable account on the date fixed for redemption. In the event that funds are deposited by the Authority with the Paying Agent sufficient for redemption, interest on the Series 2024 Bonds to be redeemed will cease to accrue as of the date fixed for redemption.

The Tax-Exempt Bonds may be selected for optional redemption by the Authority pursuant to the Indenture, in whole or in part, in such order of maturity as the Authority may direct and within a maturity by lot, selected in such manner as the Trustee may deem appropriate; provided that Tax-Exempt Bonds may be redeemed only in Authorized Denominations. Upon surrender of a Tax-Exempt Bond to be redeemed in part only, the Trustee will authenticate for the holder a new Tax-Exempt Bond or Tax-Exempt Bonds of the same maturity equal in Initial Amount to the unredeemed portion of the Tax-Exempt Bond surrendered.

If less than all of the Series 2024 Bonds are to be redeemed, the particular maturities of Series 2024 Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

If the Taxable Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Taxable Bonds, if less than all of the Series 2024 Bonds of a maturity are called for prior redemption, the particular Taxable Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Taxable Bonds are held in book-entry form, the selection for redemption of such Taxable Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Taxable Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Authority intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Authority nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Taxable Bonds on such basis.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Taxable Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Taxable Bonds.

If the Taxable Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Taxable Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Taxable Bonds of any maturity will continue to be paid to the registered owners of such Taxable Bonds on a pro-rata basis, based on the portion of the original face amount of any such Taxable Bonds to be redeemed.

The Tax-Exempt Bonds may be selected for optional redemption by the Authority, in whole or in part, in such order of maturity as the Authority may direct and within a maturity by lot, selected in such manner as the

Trustee may deem appropriate (subject, with respect to Tax-Exempt Bonds held by DTC, to DTC's operational requirements); provided that Tax-Exempt Bonds may be redeemed only in Authorized Denominations. Upon surrender of a Tax-Exempt Bond to be redeemed in part only, the Trustee will authenticate for the holder a new Tax-Exempt Bond or Tax-Exempt Bonds of the same maturity equal in principal amount or Initial Amount to the unredeemed portion of the Tax-Exempt Bond surrendered.

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Indenture and moneys for payment of the redemption price being held in trust to pay the redemption price, (a) the Series 2024 Bonds so called for redemption shall become due and payable on the date fixed for redemption, (b) interest on such Series 2024 Bonds will cease to accrue from and after such date fixed for redemption, (c) such Series 2024 Bonds will cease to be entitled to any lien, benefit or security under the Indenture and (d) the owners of such Series 2024 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2024 Bonds which have been duly called for redemption under the provisions of the Indenture and for which moneys for the payment of the redemption price thereof, together with interest accrued to the date fixed for redemption, have been set aside and held in trust for the holders of the Series 2024 Bonds to be redeemed, all as provided in the Indenture, will not be deemed to be Outstanding under the provisions of the Indenture.

Preferential Optional Redemption Priorities. As described below, the Authority agreed with the Series 2004 Bond Insurer and with the Series 2012 Lender that, the Authority would prepay, redeem, defease, retire or purchase First Subordinate Lien Bonds (and specifically, Series 2004A 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 prepaying, redeeming, defeasing, retiring or purchasing other Bonds with such Revenues to the extent permitted under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—SEVENTEENTH." The aforementioned covenants are for the benefit of, and enforceable by, the Series 2004 Bond Insurer and the Series 2012 Lender, and not holders of the Bonds.

Authority Purchases. The Authority reserves the right to use available funds to purchase any of the Series 2024 Bonds that are offered to the Authority at any price deemed appropriate by the Authority. Any purchase of Series 2024 Bonds may be made with or without tender of Series 2024 Bonds and at either public or private sale.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Series 2024 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 2024A Bonds and the Series 2024B Bonds are Senior Lien Bonds, payable and secured on a parity with the Authority's other Senior Lien Bonds and any Senior Lien Bonds that may be issued in the future in accordance with the Indenture. The Series 2024C Bonds and the Series 2024D are payable and secured on a parity with the Authority's other First Subordinate Lien Bonds and any First Subordinate Lien Bonds that may be issued in the future in accordance with the Indenture.

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, including rights and remedies against the Ports and the Railroads, provided that the Trustee's exercise of any rights and remedies under the 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 (e.g. certain maintenance and operation expenses in connection with the Railroads use of the Rail Corridor and the Port-Owned Tracks) and other amounts owed by such Railroad under the 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 referred to in the foregoing clauses (a) and (b), 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 Reserve Account is an account created in the Debt Service Reserve Fund pursuant to the Indenture, which is separate and apart from the M & O Fund. The M & O Fund is a deposit account for receipt of the M & O Charges from the Railroads. 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 2024 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. 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

2024A Bonds and the Series 2024B Bonds are "Senior Lien Bonds" and the Series 2024C Bonds and the Series 2024D Bonds are "First 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, which includes the amount, if any, required to reimburse any 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 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 and 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). 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" in Appendix A.

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 Series 2004A Bonds and before other Outstanding Bonds are prepaid from such Revenues, to the extent it is permitted to do so under the Indenture. The covenants described in the prior sentence are for the benefit of, and enforceable by, the Series 2004 Bond Insurer and the Series 2012 Lender, and not holders of the Bonds.

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 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 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.

Summary Flow of Funds Under the Indenture

Use Fees & Container Charges

⇓

Revenue Fund ⇐ Shortfall Advances

⇓

Senior Lien Bonds Debt Service (monthly deposits)

⇓

Debt Service Reserve Accounts for Senior Lien Bonds

⇓

Financing Fees for Senior Lien Bonds

⇓

Federal Loan Repayments (no longer outstanding)

⇓

First Subordinate Lien Bond Debt Service (semiannual deposits)

⇓

Debt Service Reserve Accounts for First Subordinate Lien Bonds

⇓

Financing Fees for First Subordinate Lien Bonds and RAVS Fees

⇓

Second Subordinate Lien Bond Debt Service

⇓

Debt Service Reserve Accounts for Second Subordinate Lien Bonds

⇓

Financing Fees for Second Subordinate Lien Bonds

⇓

Reserve Account

⇓

Authority Administrative Costs

⇓

Benefit Amount(1)

⇓

Reimbursement of Port Advances(2)

⇓

Property Assembly Reimbursement(3)

⇓

Reimbursement of Costs of Additional Capital Improvements(4)

⇓

Prepayment of Bonds(5) and Reimbursement of the Series 2012 Lender for Certain Costs

(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 October 1, 2023, the accrued liability for the Benefit Amount was approximately $148,875,907. See APPENDIX E—"SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS— OPERATING AGREEMENT."

(2) Port Advances include Shortfall Advances and certain other amounts advanced to the Authority by the Ports. As of October 1, 2023, the only outstanding Port Advances to be reimbursed to the Ports are the Shortfall Advances, which were outstanding in the amount of approximately $15,308,356. See APPENDIX E—"SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS— 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 October 1, 2023, the accrued liability for Property Assembly Reimbursement was approximately $132,000,000. See APPENDIX E—"SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS — 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" in Appendix A.

(5) The Authority has covenanted with the Series 2004 Bond Insurer and the Series 2012 Lender to prepay, redeem, defease, retire or purchase First Subordinate Lien Bonds (and specifically the Series 2004A 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." These covenants are for the benefit of, and enforceable by, the Series 2004 Bond Insurer and the Series 2012 Lender, and not holders of the Bonds.

Promptly after the end of each Bond Year, the Authority is required to perform a final accounting of Revenues paid from the flow of funds and prepare a projection of the Revenues to be available during the ensuring Bond Year to make the payments required pursuant to paragraphs FIRST through TWELFTH in the flow of funds, calculated by the Authority in accordance with the Master Indenture and generally accepted accounting principles. If the Authority determines that there are Revenues from Use Fees and Container Charges remaining at the end of the Bond Year then ended, after payment of the amounts required pursuant to paragraphs FIRST through TWELFTH in the flow of funds (the "Existing Excess Revenues"), the Authority is required to make provision from the Existing Excess Revenues for any payments due with respect to paragraphs FIRST through TWELFTH during the commencing Bond Year that are not anticipated to be covered by Use Fees and Container Charges during such Bond Year, based upon the projection contained in the final accounting, and thereafter any Existing Excess Revenues will be applied to the extent of Existing Excess Revenues first to pay the amount then outstanding pursuant to paragraphs THIRTEENTH, FOURTEENTH, and FIFTEENTH above applicable to the Bond Year that then ended.

As shown in the flow of funds above, the Ports are entitled to reimbursement from the Authority of certain amounts paid, advanced or incurred by the Ports, from revenues of the Authority at steps THIRTEENTH, FOURTEENTH, and FIFTEENTH of the flow of funds. The Board of Harbor Commissions for each of the Ports have approved a waiver of such Ports' respective right to reimbursement for Bond Years ending September 30, 2022, 2023, 2024, 2025 and 2026 in order to facilitate the Authority's restructuring of its outstanding debt by permitting the Authority to prepay, redeem, defease, retire, or purchase outstanding debt pursuant to paragraph SEVENTEENTH of the flow of funds. There can be no assurance that any such prepayment, redemption, defeasance, retirement, or purchase will occur in any such year, or at all.

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, subject to certain conditions described below, 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, provided that at the time of such deposit (i) the Debt Service Reserve Surety Policy extends to the final maturity of the related Series of Bonds, or if the Authority has agreed by Supplemental Indenture that it will replace such Debt Service Reserve Surety Policy prior to its expiration with cash or with another Debt Service Reserve Surety Policy which will have no adverse effect on the ratings, if any, then in effect on the applicable Series of Bonds, and (ii) the face amount of the Debt Service Reserve Surety Policy, together with the amount on deposit in the Debt Service Reserve Account, is at least equal to the Debt Service Reserve Requirement for the related Series of Bonds. 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 bond insurer for the Series 1999 Bonds (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 Debt Service Reserve Account for the Series 2004 Subordinate Lien Bonds is funded with cash deposits that are invested as described below.

The Debt Service Reserve Requirement for the Series 2016A Bonds at the time of their delivery was $3,428,000 and was satisfied with the proceeds of the Series 2016A Bonds. The Debt Service Reserve Requirement of the Series 2016B Bonds at the time of their delivery was $55,686,000, and a Debt Service Reserve Surety Policy issued by Assured Guaranty Municipal Corp. (the "Series 2016B Bond Insurer"), was purchased with a portion of the proceeds of the Series 2016B Bonds.

The Debt Service Reserve Requirement for the Series 2022A Bonds at the time of their delivery was $16,904,650.99, which was satisfied by a Debt Service Reserve Surety Policy issued by AGM (the "Series 2022 Bond Insurer"), which was purchased with a portion of the proceeds of the Series 2022A Bonds. The Debt Service Reserve Requirement of the Series 2022B Bonds at the time of their delivery was $34,969,476.30, which was satisfied by a Debt Service Reserve Surety Policy issued by the Series 2022 Bond Insurer, which was purchased with a portion of the proceeds of the Series 2022B Bonds. The Debt Service Reserve Requirement of the Series 2022C Bonds at the time of their delivery was $21,800,729.62, which was satisfied by a Debt Service Reserve Surety Policy issued by the Series 2022 Bond Insurer, which was purchased with a portion of the proceeds of the Series 2022C Bonds.

The table below shows the balance and method of funding of the debt service reserves (whether cash or surety) for each of the Outstanding Bonds as of October 1, 2023.

Series	**Outstanding Balance**	**Method of Funding**
Series 1999A Bonds	$40,340,000	Surety
Series 1999C Bonds	$49,745,430	Surety
Series 2004A Bonds[(1)]	$32,332,057	Cash
Series 2004B Bonds	$23,886,604	Cash
Series 2012 Bonds	$7,314,229	Cash
Series 2016A Bonds	$3,447,698	Cash
Series 2016B Bonds	$55,686,000	Surety
Series 2022A Bonds	$16,904,651	Surety
Series 2022B Bonds	$34,969,476	Surety
Series 2022C Bonds	$21,800,730	Surety

[(1)] Upon the issuance of the Series 2024C Bonds and the tender of the Tendered Series 2004A Bonds, the Debt Service Reserve Requirement for the Series 2004A Debt Service Reserve Account will be reduced and $18,372,448.00 of the Series 2004A Debt Service Reserve Account will be released to fund a portion of the Offer Purchase Price of the Tendered Series 2004A Bonds.

The Debt Service Reserve Requirement for the Series 2024A Bonds is $4,101,271.96, which is to be satisfied by the deposit of the Series 2024A Reserve Policy issued by AGM.

The Debt Service Reserve Requirement for the Series 2024B Bonds is $1,090,389.21, which is to be satisfied by the deposit of the Series 2024B Reserve Policy issued by AGM.

The Debt Service Reserve Requirement for the Series 2024C Bonds is $2,968,316.05, which is to be satisfied by the deposit of the Series 2024C Reserve Policy issued by AGM.

The Debt Service Reserve Requirement for the Series 2024D Bonds is $13,463,298.31, which is to be satisfied by the deposit of the Series 2024D Reserve Policy issued by AGM.

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, the First Subordinate Lien Bonds, or the Second 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.

In connection with the issuance of the Series 2024 Bonds, the Authority expects to deliver a certificate to the Trustee to the effect that the Maximum Annual Debt Service at each of the Senior and First Subordinate Lien levels of priority, after the issuance of the applicable Series 2024 Bonds will not exceed Maximum Annual Debt Service at that level of priority prior to the issuance of such Series 2024 Bonds.

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, the Series 2022 Bond Insurer and the Series 2024 Bond Insurer that the Authority will not issue any Senior Lien Bonds (other than Refunding 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), the Series 2022 Bond Insurer (subject to the limitations set forth in the Twelfth Supplemental Indenture and Thirteenth Supplemental Indenture), and the Series 2024 Bond Insurer (subject to the limitations in the set forth in the Fifteenth Supplemental Indenture and the Sixteenth 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, the Series 2022 Bond Insurer or the Series 2024 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 has covenanted in each of the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fifteenth Supplemental Indenture and the Sixteenth Supplemental Indenture that, subject to the respective limitations contained therein, the Authority will not issue any additional Senior Lien Bonds (other than Refunding Bonds) without the prior written consent of the Series 2022 Bond Insurer and the Series 2024 Bond Insurer, as applicable (in its respective capacity as insurer of the Series 2022A Insured Bonds, the Series 2022B Insured Bonds and the Series 2024 Bonds, as applicable), and that without the consent of the Series 2022 Bond Insurer and the Series 2024 Bond Insurer, as applicable (in its respective capacity as insurer of the Series 2022A Insured Bonds, the Series 2022B Insured Bonds and the Series 2024 Bonds, as applicable), 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 Bonds) or if the Series 2022A Debt Service Reserve Account, the Series 2022B Debt Service Reserve Account, the Series 2024A Debt Service Reserve Account and the Series 2024B Debt Service Reserve Account are not fully funded at their respective Debt Service Reserve Requirements.

The Authority has also covenanted that, as a condition to the issuance of additional Senior Lien Bonds (other than Refunding 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 (12) consecutive months out of the eighteen (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 (12) consecutive months out of the eighteen (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 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 (12) consecutive months out of the eighteen (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 Authority has covenanted in each of the Seventeenth Supplemental Indenture and the Eighteenth Supplemental Indenture that, subject to the respective limitations contained therein, the Authority will not issue any additional Senior Lien Bonds or First Subordinate Lien Bonds (other than Refunding Bonds) without the consent of the Series 2024 Bond Insurer (in its capacity as insurer of the Series 2024C Bonds and the Series 2024D Bonds), respectively, and that without the consent of the Series 2024 Bond Insurer (in its capacity as insurer of the Series 2024C Bonds and the Series 2024D Bonds), no Senior Lien Bonds or First Subordinate 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 Bonds) or if the Series 2024C Debt Service Reserve Account and the Series 2024D Debt Service Reserve Account are not fully funded at their respective Debt Service Reserve Requirements.

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 2024 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 2024 Bonds will not exceed Maximum Annual Debt Service prior to the issuance of the Series 2024 Bonds.

Additional Second Subordinate Lien Bonds. The Series 2016B Bonds and Series 2022C Bonds were the initial and second Second Subordinate Lien Bonds to be issued, respectively.

The Master Indenture, as amended, sets 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

"SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS—INDENTURE—Supplemental Indentures—Amendments to the Master Indenture" in Appendix E.

The Authority has covenanted in each of the Eleventh Supplemental Indenture and the Fourteenth Supplemental Indenture that, subject to the respective limitations contained therein, the Authority will not issue any additional Senior Lien Bonds, First Subordinate Lien Bonds or Second Subordinate Lien Bonds (other than Refunding Bonds) without the consent of the Series 2016B Bond Insurer and the Series 2022 Bond Insurer (in its capacity as insurer of the Series 2022C Insured Bonds), respectively, and that without the consent of the Series 2016B Bond Insurer and the Series 2022 Bond Insurer (in its capacity as insurer of the Series 2022C Insured Bonds), no Senior Lien Bonds, First Subordinate Lien Bonds or Second Subordinate 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 Bonds) or if the Series 2016B Debt Service Reserve Account and the Series 2022C Debt Service Reserve Account are not fully funded at their respective Debt Service Reserve Requirements.

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.

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" in Appendix A 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" in Appendix A 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 2024 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, the Series 2004 Bond Insurer, the Series 2016B Bond Insurer, the Series 2022 Bond Insurer and the Series 2024 Bond Insurer

The Authority has made separate covenants with the Series 1999 Bond Insurer, the Series 2004 Bond Insurer, the Series 2012 Lender, the Series 2016B Bond Insurer, the Series 2022 Bond Insurer and the Series 2024 Bond Insurer. These covenants may be enforceable only by the Bond 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 Bond Insurers (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 applicable Series of Bonds.

THE SERIES 2024 BOND INSURER

The information in this section is provided by the Series 2024 Bond Insurer. The Authority is relying upon, and has not independently confirmed or verified the accuracy or completeness of, the information in this section or Appendix J.

Series 2024 Bond Insurance Policies

Concurrently with the issuance of the Series 2024 Bonds, the Series 2024 Bond Insurer will issue the Series 2024 Bond Insurance Policies for the respective series of the Series 2024 Bonds. The Series 2024 Bond Insurance Policies guarantee the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the Accreted Value of) and interest on the respective series of the Series 2024 Bonds when due as set forth in the form of municipal bond insurance policy included as Appendix J to this Official Statement.

The Series 2024 Bond Insurance Policies are not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

The Series 2024 Bond Insurer is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and related entities. Neither AGL nor any of its shareholders or affiliates, other than the Series 2024 Bond Insurer, is obligated to pay any debts of the Series 2024 Bond Insurer or any claims under any insurance policy issued by the Series 2024 Bond Insurer.

The Series 2024 Bond Insurer's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of the Series 2024 Bond Insurer should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Series 2024 Bond Insurer in its sole discretion. In addition, the rating agencies may at any time change the Series 2024 Bond Insurer's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Series 2024 Bond Insurer. The Series 2024 Bond Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by the Series 2024 Bond Insurer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2023, KBRA announced it had affirmed the Series 2024 Bond Insurer's insurance financial strength rating of "AA+" (stable outlook). The Series 204 Bond Insurer can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed the Series 2024 Bond Insurer's financial strength rating of "AA" (stable outlook). The Series 2024 Bond Insurer can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded the Series 2024 Bond Insurer's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). The Series 2024 Bond Insurer can give no assurance as to any further ratings action that Moody's may take.

For more information regarding the Series 2024 Bond Insurer's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At September 30, 2023:

- The policyholders' surplus of the Series 2024 Bond Insurer was approximately $2,569 million.
- The contingency reserve of the Series 2024 Bond Insurer was approximately $908 million.
- The net unearned premium reserves and net deferred ceding commission income of the Series 2024 Bond Insurer and its subsidiaries (as described below) were approximately $2,048 million. Such amount

includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of the Series 2024 Bond Insurer and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of the Series 2024 Bond Insurer were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to the Series 2024 Bond Insurer are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);
- the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023);
- the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023); and
- the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (filed by AGL with the SEC on November 8, 2023).

All information relating to the Series 2024 Bond Insurer included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2024 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone: (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding the Series 2024 Bond Insurer included herein under the caption "THE SERIES 2024 BOND INSURER – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "Series 2024 Bond Insurer Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included the Series 2024 Bond Insurer Information. The Series 2024 Bond Insurer Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

The Series 2024 Bond Insurer makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, the Series 2024 Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Series 2024 Bond

Insurer supplied by the Series 2024 Bond Insurer and presented under the heading "THE SERIES 2024 BOND INSURER".

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 "— 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 2024 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 Original Agreement was amended in 2006 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 — 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 "—Recent Cargo Throughput and Revenue Collections" in Appendix A and Tables B-3, B-4 and B-5 in Appendix B and Tables C-3, C-5 and C-6 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 are not sufficient to pay certain of the Authority's obligations, including debt service on Outstanding Bonds (including the Series 2024 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 Other Port Advances" and "BONDHOLDERS' RISKS—Shortfall Advances Are Limited, Subordinate Obligations of the Ports."

Use Fees and Container Charges

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 and 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.

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.

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 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.

The Operating Agreement also provides that the Use Fees and Container Charges 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% in any given calendar year. As of January 1, 2024, the Use Fee and the Container Charge was adjusted to $29.88 per loaded TEU.

Table 5 below lists the Use Fees in effect as of January 1, 2024.

TABLE 5

SCHEDULE OF USE FEES

(As of January 1, 2024)

Waterborne Containers[1][2]	$ 29.88 per TEU (Loaded)
Waterborne Containers[1][2]	7.16 per TEU (Empty)
Non-Waterborne Containers[1]	7.16 per TEU (Loaded or Empty)
Automobiles	14.32 per Railcar
Coal	14.32 per Railcar
White Bulk[3]	14.32 per Railcar
Iron & Steel	14.32 per Railcar
Liquid Bulk[4]	14.32 per Railcar
Miscellaneous Carload	14.32 per Railcar

(1) The terms "Waterborne Containers" and "Non-Waterborne Containers" are defined under "AUTHORITY REVENUES – Use Fees and 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 the Authority began charging on December 1, 2011 following payments by the Ports of Shortfall Advances on October 1, 2011 and October 1, 2012. The maximum allowable CPI Increase is 4.5%.

(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.

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.

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 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." For a summary of the Operating Agreement, see Appendix E.

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 2024 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) April 15, 2062 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 — 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 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 below is derived from the Authority's audited financial statements and summarizes Use Fees and Container Charges received for fiscal years ended June 30, 2017 through June 30, 2023.

TABLE 6

USE FEES AND CONTAINER CHARGES

Fiscal Year Ended June 30	Use Fees and Container Charges[1]
2017	$ 102,802,942
2018	112,933,239
2019	112,550,438
2020	102,115,182
2021[2]	118,874,257
2022	97,311,981
2023	99,691,045

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

(2) See "—Recent and Budgeted Cargo Throughput and Revenue Collections" for a description of the productivity, congestion and labor contract issues that affected both Ports during calendar year 2022 and the first quarter of calendar year 2023.

Sources: Extracted by the Authority from its audited financial statements for fiscal years 2017-2023.

Shortfall Advances and Other Port 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 — 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.

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.

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 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 allocate unexpended Series 1999 Bonds 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 Surcharges in December 2011.

On March 15, 2022, the Authority provided the Ports with a Notice of Estimated Shortfall Advances estimating a shortfall advance in the total sum of $5,000,000 would be required for fiscal year ending June 30, 2023 and requesting a voluntary Port Advance (which include Shortfall Advances and certain other amounts advanced to the Authority by the Ports) in the amount of $13,000,000. The issuance of the Series 2022 Bonds eliminated the need for a Shortfall Advance for fiscal year 2023. For additional information regarding the March 15, 2022 Notice of Estimated Shortfall Advances, see "BONDHOLDERS' RISKS – Shortfall Advances Are Limited, Subordinate Obligations of the Ports."

On March 27, 2023, the Authority provided the Ports with a tentative notice stating that the Ports were not required to pay any Shortfall Advances for the fiscal year ending June 30, 2024. On August 10, 2023, the Authority issued a subsequent notice affirming that no Shortfall Advance is expected to be required for the fiscal year ending June 30, 2024. The issuance of the Series 2024 Bonds is designed to reduce or eliminate the need for any Shortfall Advances in fiscal years 2027 through 2038. See "PLAN OF FINANCE – Projected Shortfalls After Implementation of Plan of Finance Using Internal Financial Model."

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, 2024, the Surcharge was adjusted to $1.59 per TEU. See Table 5 and "—Flow of Funds."

BONDHOLDERS' RISKS

The Authority's ability to pay the principal of, premium, if any, and interest on the Bonds, including the Series 2024 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 2024 Bonds and does not necessarily reflect the relative importance of the various risks. Potential purchasers of the Series 2024 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 2024 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 2024 Bonds, notwithstanding the obligations of the Series 2024 Bond Insurer with respect to the Series 2024 Bonds, if any, to pay scheduled debt service when due on the insured Series 2024 Bonds, if any. No assurance can be given that other risk factors will not become material in the future.

Uncertainties of Estimates, Assumptions and Forward-Looking Statements

The statements contained in this Official Statement, including the appendices, that are not purely historical, are forward-looking statements regarding the Authority's or the Ports' expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "budget," "project," "maintain," "achieve," "forecast," "model," "will likely result," "are expected to," "will continue to," "is anticipated," "is estimated," "intend" or other similar words or phrases. Statements contained in this Official Statement which involve estimates, forecasts, projections, models, or other matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements in this Official Statement are based on information available to the Authority on the date hereof, are subject to change without notice and the Authority assumes no obligation to update any such forward-looking statements with new forward-looking statements. All forward-looking statements are expressly qualified in their entirety by the cautionary statements in this section and elsewhere in this Official Statement. It is important to note that the Authority's actual results will likely differ, and could differ materially from those in such forward-looking statements or projections.

This Official Statement contains, and the Authority's and Ports' plans, budgets and forecasts are based upon, certain assumptions, estimates, projections, models and other forward-looking statements. Demonstration of compliance by the Authority with certain of the covenants contained in the Indenture may also be based upon assumptions, estimates and projections. Actual results, however, may differ, perhaps materially, from those assumptions, estimates and projections.

The revenue projections that may be contained in this Official Statement or 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 could have predicted the timing, duration or severity of the COVID-19 pandemic or the impact thereof on international trade, the supply chain and consumer and governmental spending. Although increased consumer spending, especially in e-commerce resulted in increased container freight volumes beginning in June 2020, the beginning of fiscal year 2022 saw downward trends associated with supply chain congestion and anticipation of longshore labor contract negotiations. The recovery of supply chain efficiencies and the conclusion of the west coast longshore labor contract negotiations in mid-2023 contributed to increases of Authority revenue during the remainder of calendar year 2023 as compared with calendar year 2022. Ongoing longshore labor contract negotiations in east and gulf coasts, and restrictions on vessel traffic through the Panama Canal have been beneficial to west coast port volumes and these issues are expected to continue into calendar year 2024. There can be no assurances that any of these trends will continue and the Authority cannot predict what if any other instances will have an impact on the operations and revenues of the Authority, the Ports or the Railroads. 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.

If the revenue assumptions in the Internal Financial Model are not realized, debt service shortfalls could be significantly greater than modeled and could exceed the amounts covered by the Contingent Port Obligations. See "PLAN OF FINANCE - Projected Shortfalls After to Implementation of Plan of Finance Using Internal Financial Model." The Internal Financial Model projects an increase in Port loaded TEU Capture Rate from current levels. Notwithstanding the foregoing, as can be seen in Table 7 in Appendix A, the Port loaded TEU Capture Rate has declined in all but one of the previous ten years.

Due to the current state of world affairs, the Series 2024 Bonds, the Authority and the Ports may be adversely affected by a variety of factors including rising interest rates, inflation, the war in Ukraine and the Israel-Hamas war and other changes in the global economy and other economic conditions.

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 or to extend or otherwise amend existing agreements, including the Use Permit, 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 2024 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 2024 Bonds, may be materially and adversely affected.

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.

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 and distribution 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 2024 Bonds). As shown in Table 2 and Table 2-A, absent this restructuring, 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 (which are limited 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 — 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 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 and Other Port Advances" above and "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS — 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 2024 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 and Other Port Advances." The issuance of the Series 2024 Bonds is intended to reduce or eliminate the need for Shortfall Advances, as further described in "INTRODUCTION – Plan of Finance". For a description of certain information regarding the Ports finances and outstanding indebtedness, 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.

Port Advances

The Ports may from time to time be called upon to advance funds for Net Project Costs prior to Substantial Completion (as defined in the Operating Agreement) or to make a voluntary Port Advance for funds in excess of the Shortfall Advances to cover all or a portion of the Annual Amount or the Authority's reasonable expenses for, among other things, the ongoing administration of the Authority's financings and refinancings, administration of contracts for the Rail Corridor and other administrative duties related to the Rail Corridor. Pursuant to the Operating Agreement, revenues generated by Use Fees and Container Charges must be used to reimburse the Ports for any Port Advance after paying certain other priority costs, including, among others, the Annual Amount (which includes, principal, interest and debt service on Outstanding Bonds), and to establish and maintain the Reserve Account and pay the Authority's reasonable expenses. Likewise, the flow of funds identifies reimbursement of Port Advances in the FOURTEENTH item.

On March 15, 2022, the Authority provided the Ports with a Notice of Estimated Shortfall Advances estimating a shortfall advance in the total sum of $5,000,000 would be required for fiscal year ending June 30, 2023 and requesting a voluntary Port Advance (which include Shortfall Advances and certain other amounts advanced to the Authority by the Ports) in the amount of $13,000,000. The issuance of the Series 2022 Bonds eliminated the need for a Shortfall Advance in fiscal year 2023. On March 27, 2023, the Authority provided the Ports with a tentative notice stating that the Ports were not required to pay any Shortfall Advances for the fiscal year ending June 30, 2024. On August 10, 2023, the Authority issued a subsequent notice affirming that no Shortfall Advance is expected to be required for the fiscal year ending June 30, 2024. The issuance of the Series 2024 Bonds is designed to reduce or eliminate the need for any Shortfall Advance in fiscal years 2026 through 2037.

The Authority cannot predict whether or not it will have a need for future additional Port Advances, whether the Ports will provide any Port Advances and the effect of such Port Advance, or lack thereof, or such other failure of the Ports to provide advance funds or the inability of the Authority to reimburse the Ports for a Port Advance. See "PLAN OF FINANCE – Projected Shortfalls After Implementation of Plan of Finance Using Internal Financial Model."

Outstanding Capital Appreciation Bonds and Risks

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. See Table 2 in "PLAN OF FINANCE - Projected Shortfalls Prior to Implementation of Plan of Finance Using Internal Financial Model." 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 , or restructuring of Outstanding Bonds to lower debt service will be needed. See "AUTHORITY REVENUES—Recent and Budgeted Cargo Throughput and Revenue Collections."

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

The Series 2024 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 2024 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 2024 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.

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 has been undergoing significant changes for more than a decade, 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 between ocean carriers and their shipping customers or independent logistics providers. Investments in much larger ships, varying operating costs and service factors, including shipping times and reliability, have had a profound impact on ocean carrier alliances, logistics (including choices of shipping points for discretionary cargo) and pricing. In addition to the diversion of cargo due to concerns about the longshore labor contract negotiations, some shippers have seen benefits in diversifying their ports of entry or otherwise been attracted to other ports of entry into the United States, such as the Port of New York/New Jersey and the Port of Virginia, the latter of which has undertaken a dredging project to allow the port to handle a larger volume of vessels.

Waterborne containers that originate or terminate at the Ports to or from Asia represent most of the Revenues collected by the Authority. The Ports' cargo throughput includes cargo intended to meet demand in the Southern California region (often referred to as "non-discretionary cargo"), and cargo destined for the Midwest and other parts of the country (often referred to as "discretionary cargo"). Total non-discretionary cargo volume is dependent on local, regional and global economic and demographic conditions. The Southern California area is the largest primary market in the United States. According to the 2020 U.S. Census Bureau, the Los Angeles-Long Beach combined statistical area has an estimated population of approximately 18.7 million. A significant amount of cargo handled through the Ports originates or remains in Southern California and is moved by truck, not by rail, and is thus not subject to Use Fees or Container Charges. Shippers or carriers of non-discretionary cargo may choose to have discretionary cargo unloaded at the Ports and then moved predominantly by rail. 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 include discretionary cargo 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 paying Use Fees or Container Charges. A significant reduction in the Ports' share of such discretionary cargo trade could 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 market share 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), from ports in Mexico, from other ports in California (especially the Port of Oakland) or in the Pacific Northwest (the Ports of Tacoma and Seattle, which combined their cargo operations to form The Northwest Seaport Alliance, and The Port of Portland). Factors that affect the selection of alternative ports for discretionary cargo include: port capacity, faster transit times, increased efficiencies and reliability, capability to handle larger ships, labor cost and reliability, and other costs including fees and taxes.

All-water services from Asia directly to the East Coast and/or Gulf Coast, particularly after the expansion of the Panama Canal, or if manufacturing more significantly shifts from China to Southeast Asia using the Suez Canal, could become more economical than going to the West Coast ports and may continue to compete with the Authority. The Ports offer intermodal transit times from Asia to the East and Midwest that can be faster than other routes; the Ports offer deep water, direct ocean access, modern-big ship ready terminals, reduced weather constraints, industry leading environmental stewardship and extensive capacity in terminals and landside transportation infrastructure. However, shifting of some containerized cargo shipments through other ports should be expected as shippers seek diversity and resiliency in their supply chain. 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, fuel costs, transit times, costs of complying with regulatory requirements, labor disagreements (including slowdowns, strikes and lockouts, such as the disruption on the West Coast in 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

Many of the shipping companies have consolidated and formed alliances that operate at one or both of the Ports, and additional consolidation 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 of company/alliance operations, have been noted by terminal operators as well as shippers.

Uncertainties of the Railroad Industry

As with the shipping industry, the railroad industry underwent consolidation 20 years ago and, in general, is constantly changing. Both Railroads may be adversely affected, directly and indirectly, by the effects of changes in cargo transport demand (due to commodity markets or changes in supply chain logistics), domestic and global economic conditions and/or volatility or disruptions in the financial and credit markets. Both Railroads have large route structures and complex operational requirements, labor contracts negotiations, 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 occurred in the past, including in 2003, 2004, 2020 and 2021, for example, and congestion in Chicago and other inland regions have impacted the Ports. 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, which could impact volume at the Ports and/or the Authority's Port loaded TEU Capture Rate. 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.

Uncertainties of the Trucking Industry

The trucking industry has gone through many changes. Recently, the tough economy brought on by the COVID-19 pandemic led to many trucking company mergers to increase the scope of service. The rise in e-commerce created a historical demand for trucking due to the increase in expectations for a shorter turnaround for a customer to receive the purchased good. Many companies expanded to new locations in order to meet operational demands of the market. Additionally, many companies also had to adapt to delivering goods more quickly and efficiently than ever before. Many companies began adopting advance software to help facilitate this change. With the shortage of truckers, trucking companies are also aiming to increase efficiency of operations in the industry to meet new market demands.

There can be no assurance that the trucking industry will increase efficiency or that the trucking industry will continue to compete with rail for deliveries in line with current trends. The impact of trucking on use of rail is subject to, among other things, service levels, fees, market conditions and other economic and societal pressures.

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. While an alternative bypass route is available, it won't have the same capacity as the Corridor and could reduce 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, 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. 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 criminal activity, 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.

Operational Risks

The Authority contracts with Union Pacific and BNSF to provide dispatching services for train and equipment movements along certain portions of the Rail Corridor pursuant to the Dispatching Agreement. The term of the Dispatching Agreement commenced on April 15, 2002, and the most recent extension period will expire on October 14, 2024 and the parties are working on the next dispatch contract expected to be effective through 2029. There can be no assurances that the parties will continue to operate in the same manner or that any extension of or new dispatching agreement will be entered into by and between the Authority and the Railroads. See "THE RAIL CORRIDOR AND RELATED PROJECTS – Maintenance and Operation of the Rail Corridor" for additional information regarding the Dispatching Agreement.

The Use Permit, which grants the Authority the right to use certain Property for the development, construction and operation of the Rail Corridor, is scheduled to expire December 14, 2048 or earlier, if certain events occur. See Appendix A "THE RAIL CORRIDOR AND RELATED PROJECTS – The Use Permit." The Ports and the Authority are in discussions regarding a proposed amendment to the Use Permit, to, among other things, extend the term to calendar year 2062 or beyond. If the term of the Use Permit is not extended, it would expire sooner than the final maturity of the Series 2024 Bonds. There can be no assurances that the parties will agree to amend the Use Permit and the Authority cannot predict what effect such expiration might have on its ability to operate the Rail Corridor and use and access that Property for such purposes.

COVID-19 Pandemic Issues and Impacts

The outbreak of the novel coronavirus SARS-Co V-2 ("COVID-19") in December 2019, quickly became a worldwide pandemic and caused significant disruptions to the conduct of day-to-day business in the United States and internationally. The effects of the COVID-19 pandemic have and are expected to continue to affect national, state and local economies. In response to the outbreak of COVID-19, in early 2020 various state and local governments and agencies and others imposed restrictions on travel, and restricted public gatherings and large groups events, ordered residents to stay home, promoted or required working from home, and ordered closures of schools, restaurants, bars and other public venues. Those restrictions were mitigated and reinforced throughout calendar year 2021 as spikes in viral transmission occurred or were reduced.

At the beginning of calendar year 2020, the COVID-19 pandemic had an immediate adverse effect on, among other things, the world economy, and global supply chain movement, including numerous, ongoing factory closures in China, which in-turn led to higher-than-normal cancellations of ships and container volume coming from China to the Ports and other reductions in traffic at the Ports. China is the number one source of inbound cargo at the Ports. The reduction in container volumes at the Ports also resulted in reduced container traffic on the Rail Corridor. As a result, there was a short-term reduction of the Authority's revenues and the Authority's net position decreased by approximately $27.9 million or approximately 6.6% for fiscal year 2020.

The change in net position was primarily the result of interest and operating expenses continuing to exceed operating income, exacerbated by the impact of the COVID-19 pandemic.

In fiscal year 2021, the Authority's Use Fees and Container Charges revenue rebounded to approximately $119.0 million which is approximately a 16% increase compared to Use Fees and Container Charges revenues in fiscal year 2020. The Authority's Use Fees and Container Charges revenue fell to approximately $97 million in fiscal year 2022 which is approximately 22% lower than the prior fiscal year. In fiscal year 2023 Use Fees and Container Charges revenues stabilized. Fiscal year 2023 had Use Fees and Container Charges revenues of approximately $100 million which is about 3% higher than in fiscal year 2022.

The Authority's actual revenues and Ports' container volumes may differ materially. The Authority cannot predict whether and when shippers will return to rail or in what capacity or the effects on the Authority's actual revenues or Ports' container volumes and bases the expectations described in this Official Statement on various assumptions and estimates which are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including Ports, shipping lines, freight forwarders, beneficial cargo owners, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials.

Port Congestion; Supply Chain Issues; TEU Diversion

The Ports, like many other ports worldwide, were impacted by the supply chain congestion that began in late 2020. As discussed under the header "AUTHORITY REVENUES – Recent Impacts on Use Fees and Container Charges" in Appendix A, the Ports experienced labor shortages exacerbated by the COVID-19 pandemic, including due to missed shifts caused by or otherwise related to the virus and its rapid spread. At the same time, there was a significant increase in consumer spending, especially in e-commerce, beginning around June 2020 which resulted in increased shipping activity at the Ports. This resulted in a sudden and sustained rebound in container volumes contributing to vessel back-up along with a shortage of dock workers. In addition, the retrieval of containers off rail at inland locations may have been delayed in certain locations due to similar issues relating to supply chain congestion and labor shortages, among other issues, which caused train delays throughout the rail system and has resulted in further back up and long-dwelling containers at the Ports. One of the results of this congestion was supply chain participants using alternative modes of transportation and diverting some cargo from rail to truck. In addition, there was decreased traffic on Southern California highways in the months following the outbreak of the COVID-19 pandemic resulting in the additional diversion of some cargo from rail to truck. See "THE PORT OF LOS ANGELES – San Pedro Bay Port's Cooperative Working Agreement" in Appendix B.

In fiscal year 2021, Authority revenue had not yet been adversely impacted by the events described above, but in the months following June 2021, Authority revenue has trended downward as compared to revenue trends in fiscal year 2021. Starting September 2021, shippers were further induced to seek alternative routes in anticipation of potential slowdowns from the protracted west coast longshore labor contract negotiations which were continued throughout 2022 until a final agreement was reached in August 2023. The downward trend associated with the supply chain congestion and anticipation of longshore labor contract negotiations hit a low point in November 2021, after which revenues held steady through February 2022 and began increasing month-over-month with a 22% increase in March 2022, an 8% increase in April 2022. The Authority continued to see increases through August 2023 after which revenues held steady through the rest of the year. Revenues decreased at the beginning of 2023 as the west coast longshore labor contract negotiations continued through March 2023, after which revenues rebounded and have remained consistent at the same levels as the end of calendar year 2022. Traffic at the Ports and Authority revenues increased in the second half of 2023. See Table 7 and Table 7A in "AUTHORITY REVENUES – Cargo Throughput and Revenue Collections" in Appendix A.

The diversion of cargo from rail to truck seen in fiscal year 2022 was due to unusual circumstances and the Authority does not expect it to be a continuing trend. Trucking is generally slower, more expensive and less efficient than rail. Transporting large quantities of cargo by rail is generally 2 to 3 times more efficient as compared with trucking. In addition, the costs of trucking are expected to increase significantly in the near term given the recent increases in fuel costs for diesel and gasoline that began around March 2022. Lastly, rail service fluidity has recovered from the sudden surge of freight volumes in 2020. Notwithstanding the foregoing, the Authority Port loaded TEU Capture Rate decreased in all but one of the last ten years.

The Ports have undertaken certain projects which are designed to, among other things, increase traffic and capacity at the Ports, which in turn may benefit capacity and traffic along the Rail Corridor. See "THE PORT OF LOS ANGELES – Terminal and Infrastructure Projects" in Appendix B and "THE PORT OF LONG BEACH – POLB Capital Development Program" in Appendix C for a description of such projects. There can be no assurances that these projects will be completed, or that if completed, there would be any material benefit to the Authority.

Additionally, the Authority cannot predict whether and when shippers will return to rail or rely more on trucking, or in what capacity or the effects on the Authority's actual revenues and bases the expectations described in this Official Statement on various assumptions and estimates that are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including Ports, shipping lines, freight forwarders, beneficial cargo owners, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials.

Labor Shortage and 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. 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 Pacific Maritime Association (the "PMA") and the ILWU. In October 2002, after the PMA 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. A subsequent contract between the PMA and ILWU that expired on June 30, 2014, 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.

The current contract between the PMA and the ILWU was entered into on June 14, 2023 and was ratified on August 31, 2023, as a six year contract, retroactive to July 1, 2022. This agreement was reached after a contract negotiation process that took 13 months to complete, which included the ILWU membership working without a contract for nearly a year after their prior agreement expired on June 30, 2022.

No assurance can be given that prolonged disruptions, work slowdowns or stoppages at the Ports will not occur in the future and result in reduced cargo volumes at the Ports and no assurance can be given that PMA and ILWU will reach an agreement on a new contract before the scheduled expiration date. 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 2024 Bonds.

Additionally, labor shortages affecting the railroad industry also negatively impact the Ports' ability to move container cargo through. See "THE RAILROADS" for further information regarding labor shortages at the railroads.

Safety and Security

The Authority contracts with Union Pacific and BNSF to provide security services to the Rail Corridor pursuant to the Security Services Agreement, which includes, among other things, daily security patrols and investigating and documenting any incidents that occur. Despite these security services, incidents can and sometimes do occur along the Rail Corridor. There have in the past been instances where persons have been struck by trains, or portions of the Rail Corridor have been vandalized. In recent years, there has been an increase in homeless encampments in areas along the Rail Corridor, which can increase the potential for injury or death or damage to the Rail Corridor. In each of these instances, the operations along the Rail Corridor may be impacted and could result in delays or re-routing. The Authority has taken steps to reduce the unauthorized presence of persons along the Rail Corridor to mitigate the potential for these incidents to arise. No assurance can be given that injury or harm to person or property or delays in operations will be avoided in the future.

Limitations on Enforceability

The rights of the owners of the Bonds, including the Series 2024 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 2024 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 2024 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 2024 Bonds from Shortfall Advances also could be avoided as preferential payments, and the holders of the Series 2024 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 2024 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 2024 Bonds or result in other significant losses to the holders of the Series 2024 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 2024 Bonds, notwithstanding the obligations of the Series 2024 Bond Insurer to continue to pay scheduled debt service when due on the Series 2024 Bonds.

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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Bonds, so long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2024 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 2024 Bonds, or result in losses to the holders of the Series 2024 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 2024 Bonds, notwithstanding the obligations of the Series 2024 Bond Insurer to continue to pay scheduled debt service when due on the Series 2024 Bonds.

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 2024 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 2024 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 2024 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 2024 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 2024 Bonds or other losses to the holders of the Series 2024 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 2024 Bonds, notwithstanding the obligations of the Series 2024 Bond Insurer to continue pay scheduled debt service when due on the Series 2024 Bonds.

Bond Insurers. The Series 2024 Bond Insurer is regulated by the New York Department of Financial Services. The rights of creditors of insolvent financial guaranty insurers may be governed by the insolvency laws of the states in which insurers are formed (in the case of the Series 2024 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 2024 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 amendment of transaction documents, even if it is insolvent or not paying claims as may be required by the Series 2024 Bond Insurance Policies. If the Series 2024 Bond Insurer is in an insolvency proceeding, it may be able to require the Authority to reimburse it before paying amounts due on the Series 2024 Bonds, regardless of what the transaction documents provide. If any of these circumstances occur at any time when the Authority is not making, or is unable to make, payments on the Series 2024 Bonds, there may be delays or reductions in payments on the Series 2024 Bonds. There may be other adverse effects of an insolvency of the Series 2024 Bond Insurer. Regardless of any specific adverse determinations in an insolvency of the Series 2024 Bond Insurer, the fact of an insolvency of the Series 2024 Bond Insurer could have an adverse effect on the liquidity and value of the Series 2024 Bonds.

Similar risks exist with respect to the Series 2024 Reserve Policies and with respect to other insurers, such as property and casualty insurers. See "—Seismic Risks, Climate Risk and Other Events of Force Majeure; Limited or No Insurance Coverage – Limited or No Insurance."

Bond Insurance

In the event of default of the payment of principal or interest with respect to the Series 2024 Bonds when all or some becomes due, any owner of the Series 2024 Bonds, subject to the terms of the Series 2024 Bond Insurance Policy, may have a claim under the applicable Series 2024 Bond Insurance Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Series 2024 Bond Insurance Policies, do not insure against redemption premium, if any. Under most circumstances, default of payment of principal and interest would not obligate acceleration of the obligations of the Series 2024 Bond Insurer without appropriate consent; and the Series 2024 Bond Insurer may direct and must consent to any remedies and the Series 2024 Bond Insurer's consent may be required in connection with amendments to the Indenture.

No assurance is given that such event will not adversely affect the market price of the Series 2024 Bonds or the marketability (liquidity) for the Series 2024 Bonds.

The long-term insured ratings on the Series 2024 Bonds may be dependent in part on the financial strength of the Series 2024 Bond Insurer and its claim paying ability. The Series 2024 Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Series 2024 Bond Insurer and of the insured ratings on the Series 2024 Bonds will not be subject to downgrade and such event could adversely affect the market price of the Series 2024 Bonds or the marketability (liquidity) for the Series 2024 Bonds.

Neither the Authority nor the Underwriters have made independent investigation into the claims paying ability of the Series 2024 Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Series 2024 Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Series 2024 Bonds and the claims paying ability of the Series 2024 Bond Insurer, particularly over the life of the investment.

Income Taxation Risk Upon Defeasance

In the event the Authority were to defease all or a portion of the Taxable Bonds, for federal income tax purposes, the Taxable Bonds that are the subject of such defeasance may be deemed to be retired and "reissued" as a result of the defeasance. In such an event, a bondholder who owns such a Taxable Bond may recognize gain or loss on the Taxable Bonds at the time of defeasance. Bondholders who own Taxable Bonds should consult their own tax advisors regarding the tax consequences of a defeasance of the Taxable Bonds. See "TAX MATTERS."

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 March 2015, the Uniform California Earthquake Rupture Forecast (the "2015 Earthquake Forecast") was issued by the Working Group on California Earthquake Probabilities. Organizations sponsoring the Working Group on California Earthquake Probabilities include the U.S. Geological Survey, the California Geological Survey, the Southern California Earthquake Center and the California Earthquake Authority. According to the 2015 Earthquake Forecast, the probability of the Southern California region experiencing an earthquake measuring 6 or larger on the Richter Scale by 2044 is approximately 100%; an earthquake measuring 6.7 or larger on the Richter Scale by 2044 is approximately 95%; an earthquake measuring 7 or larger on the Richter Scale by 2044 is approximately 76%; an earthquake measuring 7.5 or larger on the Richter Scale by 2044 is approximately 36%; and an earthquake measuring 8 or larger on the Richter Scale by 2044 is approximately 7%. The likelihood of the Los Angeles region experiencing an earthquake measuring 6 or larger on the Richter Scale by 2044 is approximately 96%; measuring 6.7 or larger is approximately 60%; measuring 7 or larger is approximately 46%; measuring 7.5 or larger is approximately 31%; and measuring 8 or larger on the Richter Scale by 2044 is approximately 7%.

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 infrastructure to and from ports, the paper 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 2024 Bonds are Outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Environmental Risk. Design, construction and operation of the Project are subject to and influenced by or result in a number of environmental considerations. See "THE PORT OF LOS ANGELES—

Environmental and Regulatory Matters" in Appendix B and "THE PORT OF LONG BEACH—Environmental Compliance" in Appendix C. In December 2010, a crude oil release was discovered in the Dominguez Channel and nearby storm water drainage systems adjacent to the Rail Corridor. The U.S. Environmental Protection Agency (the "EPA") initially issued orders to several parties to take responsibility for mitigation, investigation and clean-up efforts and containment of the release, including, the Ports and the Authority. The source of the release was discovered to be an oil pipeline owned and operated by Crimson Pipeline Management Company, who assumed responsibility for the release, including repaying the Authority for most of the costs it incurred in connection with the issue through a settlement agreement in 2015.

Other Factors and Events of Force Majeure. The operation and Revenues of the Rail Corridor may be materially adversely affected by the following factors and events, including but not limited to: (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic or force majeure event; such as damaging storms, winds and floods, fires and explosions, strikes and lockouts, terrorist attacks, sabotage, wars, blockades, riots and spills of hazardous substances; (ii) any 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, and the impacts on international trade; (iii) the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Authority-related construction, the cost, source of funds, or operations; (iv) the COVID-19 pandemic or another outbreak or pandemic, or the resultant disruption to the local, state, national or global economies, may result in changes in demand for shipping, including long-term changes in consumer behavior and the operations of other businesses, or may have an impact on the shipping industry, generally; and (v) 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

In 2014, legislation was introduced in the California Legislature which proposed to replace the Authority's existing rights to collect Use Fees and Container Charges under the Operating Agreement with a new system of assessing and collecting fees which would require, among other things, fees to be paid by beneficial owners of cargo rather than by the Railroads, prior to the cargo entering the Rail Corridor, subject to certain exceptions. If enacted, such legislation would have resulted in, among other things, significant legal challenges. The Authority, the Ports and the Los Angeles County Board of Supervisors opposed the legislation on various legal grounds and the legislation was ultimately not referred out of committee nor considered by the California Legislature. There can be no assurance that legislation similar to the foregoing or other adverse legislation will not be introduced or enacted in the future and, if enacted, would not have a material adverse effect on the Authority or the Bonds.

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.

Cybersecurity

The Authority relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the Authority and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

Although the Authority has undertaken many emergency preparedness and security improvements, a terrorist attack, cyber breach or significant natural disaster could materially impair operations and revenues. No assurances can be given that the Authority's security and operational control measures will be successful in guarding against any and each cyber threat and attack or that insurance proceeds will be adequate to cover potential liabilities. The results of any attack on the Authority's computer and information technology systems could impact its operations and damage the Authority's digital networks and systems, and the costs of remedying any such damage could be substantial.

No Acceleration of the Series 2024 Bonds

The Indenture contains no provisions for acceleration of the maturity of the Bonds, including the Series 2024 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 2024 Bonds.

Continuing Compliance with Tax Covenants; Changes of Law

The Master Indenture and the Authority's Tax Certificate (defined below) 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 Tax-Exempt 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 interest on the Tax-Exempt Bonds. Any loss of tax-exemption could cause all of the interest received by the Owners of the Tax-Exempt Bonds to be taxable. All or a portion of interest on the Tax-Exempt Bonds also could become subject to federal income tax as a result of changes of law and/or all or a portion of interest on the Series 2024 Bonds also could become subject to State income tax as a result of changes of law. See "TAX MATTERS." The Authority is not required to redeem the Series 2024 Bonds should the interest become taxable for federal or State tax purposes.

Potential Future Financings

The Authority is considering one or more future financings before October 1, 2026. Any such issuance would be expected to refund certain of the Outstanding Bonds, in order to address the anticipated debt service shortfalls and potentially reduce the frequency and amount of future Shortfall Advances. The Authority intends to continue monitoring its Outstanding Bonds for additional opportunities to better align debt service on the

Bonds with estimated future Revenues and to potentially reduce the frequency and amount of future Shortfall Advances, if necessary, through such refunding of Bonds, refinancing and restructuring in order to continue to minimize costs. There can be no assurance that any such future refunding, refinancing, or restructuring will be completed. The issuance of the Series 2024 Bonds is not dependent on the issuance of any future bonds to be issued by the Authority, and vice versa.

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 2024 Bonds. The Bonds, including the Series 2024 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."

Union Pacific and BNSF are Class I freight railroads and are the largest and most profitable railroads in North America. Union Pacific operates across approximately 32,450 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 approximately 32,500 route miles of track (excluding multiple main tracks, yard tracks and sidings) in 28 states and also operates in three Canadian provinces. BNSF serves major cities and ports in the western and southern United States, Canadian and Mexican traffic and important gateways to the eastern United States.

Since early 2021, the railroads have experienced a labor shortage that compounded service issues in the rail industry. On April 26, 2022, the U.S. Surface Transportation Board began two days of emergency public hearings regarding the delays and inconsistent service of freight railroads. Although operating relatively fluidly since that time, inconsistency of service by freight railroads may adversely impact the Ports' revenues and operations. See "BONDHOLDERS' RISKS – Port Congestion; Supply Chain Issues; TEU Diversion." Union Pacific accelerated hiring and training of new employees during calendar years 2022 and 2023 and graduated 2,907 employees between May 2022 and October 2023.

Burlington Northern Santa Fe, LLC, the parent company of BNSF and Union Pacific Corporation, the parent of Union Pacific, currently are subject to the informational requirements of 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, including any filings by the parent company of BNSF and the parent company of Union Pacific. See "BONDHOLDERS' RISKS – Uncertainties of the Railroad Industry" regarding the evolving landscape of the railroads.

The information about the Railroads included or referred to in this Official Statement is derived solely from public information filed by Burlington Northern Santa Fe, LLC, the parent company of BNSF, and by Union Pacific Corporation, the parent of Union Pacific, with the SEC. It is not possible for the Authority to verify all of the information provided by third parties, including the Railroads. The Railroads have not provided the information contained in this Official Statement and have not reviewed this Official Statement. 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 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 32,700 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 31,000 full-time equivalent employees as of December 31, 2023, of whom approximately 84% are represented by 13 major rail unions. See "THE RAILROADS—Union Pacific" in Appendix D.

BNSF

BNSF is also incorporated in Delaware. BNSF is the principal operating subsidiary of and wholly-owned by Burlington Northern Santa Fe, LLC, a holding company that conducts no operating activities and owns no significant assets other than through its interest in its subsidiaries. Through its subsidiaries, Burlington Northern Santa Fe, LLC is engaged primarily in the freight rail transportation business. Until February 2018, BNSF filed its own reports with the SEC. Since February 2018, such information is filed by its parent company, Burlington Northern Santa Fe, LLC. BNSF operates one of the largest railroad systems in North America. BNSF operates approximately 32,500 route miles of track (excluding multiple main tracks, yard tracks and sidings) in 28 states and also operates in three Canadian provinces. BNSF serves major cities and ports in the western and southern United States, Canadian and Mexican traffic and important gateways to the eastern United States. Freight revenues are generated mainly through the transportation of consumer products, industrial products, agricultural products and coal. As of December 31, 2022, BNSF had approximately 36,250 employees of which approximately 31,000 are members of a labor union. See "THE RAILROADS—BNSF" in Appendix D.

THE PORTS

According to the Pacific Merchant Shipping Association (PMSA), POLA and POLB, combined, handled approximately 19 million TEUs during calendar year 2022, as compared to approximately 20.1 million TEUs during calendar year 2021.

POLA is located in San Pedro Bay, approximately 20 miles south of downtown Los Angeles, California, and currently serves approximately 80 shipping companies and agents with facilities that include 270 berthing facilities along 43 miles of waterfront. According to the American Association of Port Authorities, during calendar year 2022, POLA was the busiest container port in North America in terms of containerized cargo volume, handling approximately 9.9 million TEUs. 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 2022, the Port of Long Beach was the third busiest container port in North America in terms of cargo volume, handling approximately 9.1 million TEUs. 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 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. 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 2024 Bonds. 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 Other Port Advances" and "BONDHOLDERS' RISKS—Shortfall Advances Are Limited Subordinate Obligations of the Ports."

See Appendix B for further information regarding POLA and Appendix C for further information regarding POLB.

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

CONTINUING DISCLOSURE

The Authority and the Ports

The Authority has covenanted for the benefit of the holders and beneficial owners of the Series 2024 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 2024 Bonds are Outstanding, commencing April 1, 2024 with the report for the 2022-23 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 2024 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 2024 Bonds are Outstanding, commencing with the report for the 2021-22 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).

POLB, under its continuing disclosure agreements, is required not later than April 1 in each year, to provide to the Authority its audited financial statements for the fiscal year most recently ended, and if POLB's audited financial statements are not available by April 1, unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the applicable Bonds. On April 1, 2020, unaudited audited financial statements of POLB for the fiscal year most recently ended were available through POLB's annual filings, but the same were not provided to the Authority and were not included in the Authority's 2020 annual report. The 2020 annual report of the Authority was supplemented on April 9, 2020 to include audited financial statements of POLB for the fiscal year most recently ended.

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 2024 Bonds. This information is incorporated in documents filed with the SEC. BNSF has agreed that if in the future neither BNSF or Burlington Northern Santa Fe, LLC 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.

BNSF filed reports with the SEC through February 2018. Since February 2018, reports for BNSF are no longer filed with the SEC and BNSF's parent, Burlington Northern Santa Fe, LLC files reports with the SEC.

TAX MATTERS –TAX-EXEMPT BONDS

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 Tax-Exempt Bonds for interest and original issue discount (including the Accretions) thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. Pursuant to the Master Indenture and the Tax Certificate executed by the Authority, 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 Tax-Exempt 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 Master Indenture and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications. For purposes hereof, "Accretions" shall mean the difference between the Accreted Value at maturity of each maturity of the Tax-Exempt Bonds and the initial principal amount thereof (to the extent the initial principal amount is not less than the issue price, defined below).

In the opinion of Nixon Peabody LLP, Bond 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 and original issue discount (including the Accretions) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond 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. Interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

State Taxes

Bond Counsel is also of the opinion that interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds is exempt from personal income taxes of the State of California under present State law. Bond Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Tax-Exempt Bonds nor as to the taxability of the Tax-Exempt Bonds or the income therefrom under the laws of any jurisdiction other than the State of California.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Tax-Exempt Bonds over its "issue price" (i.e., the first price at which price a substantial amount of such maturity of the Tax-Exempt 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 Tax-Exempt Bond" and collectively the "Discount Tax-Exempt Bonds") constitutes "original issue discount" which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Bonds. For this purpose, principal amount at maturity includes all debt service payments other than "qualified stated interest", where qualified stated interest is stated interest on a bond that is unconditionally payable in cash at least annually at a single fixed rate during the term of such bond. Further, such original issue discount generally accrues actuarially on a constant interest rate basis over the term of each Discount Tax-Exempt Bond and the basis of each Discount Tax-Exempt Bond acquired at such issue 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 Tax-Exempt Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Tax-Exempt Bonds are advised that they should consult with their own advisors with respect to the tax consequences of owning such Discount Tax-Exempt Bonds.

Original Issue Premium

Tax-Exempt Bonds sold at prices in excess of their principal amounts are "Premium Tax-Exempt Bonds". An initial purchaser with an initial adjusted basis in a Premium Tax-Exempt Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and 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 Tax-Exempt Bond based on the purchaser's yield to maturity (or, in the case of Premium Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds. Owners of the Premium Tax-Exempt Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Tax-Exempt Bonds.

Ancillary Tax Matters

Ownership of the Tax-Exempt 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, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Tax-Exempt 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 Tax-Exempt 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.

Bond 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 Tax-Exempt 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 Tax-Exempt Bonds for federal or state income tax purposes, and thus on the value or marketability of the Tax-Exempt 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 Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. 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 Tax-Exempt Bonds may occur. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the impact of any change in law on the Tax-Exempt Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Bonds may affect the tax status of interest on the Tax-Exempt Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.

TAX MATTERS – TAXABLE BONDS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Taxable Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Taxable Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Taxable Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Taxable Bonds.

The Authority has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below

U.S. Holders

As used herein, the term “U.S. Holder” means a beneficial owner of Taxable Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders.

In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Taxable Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Taxable Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Taxable Bonds.

Taxation of Interest Generally

Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Bonds. In general, interest paid on the Taxable Bonds and recovery of any accrued original issue discount (including the Accretions) and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Taxable Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Taxable Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Taxable Bonds issued with original issue discount ("Discount Taxable Bonds"). A Taxable Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Taxable Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Taxable Bond 's "stated redemption price at maturity" is the total of all payments provided by the Taxable Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Taxable Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Taxable Bond for each day during the taxable year in which such holder held such Taxable Bond. The daily portion of original issue discount on any Discount Taxable Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Taxable Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Taxable Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

A holder who purchases a Taxable Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Taxable Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

A holder of a Taxable Bond who acquires such Taxable Bond at a market discount also may be required to defer, until the maturity date of such Taxable Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Taxable Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Bond for the days during the taxable year on which the holder held the Taxable Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Taxable Bond Premium

A holder of a Taxable Bond who purchases such Taxable Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Taxable Bonds held by the holder on the first day of the taxable year to which the election applies and to all Taxable Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Taxable Bonds who acquire such Taxable Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Taxable Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of Taxable Bonds

A bondholder's adjusted tax basis for a Taxable Bond is the price such holder pays for the Taxable Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Taxable Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Bond is held as a capital asset (except in the case of Taxable Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Taxable Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Taxable Bond under the defeasance provisions of the Master Indenture could result in a deemed sale or exchange of such Taxable Bond.

EACH POTENTIAL HOLDER OF TAXABLE BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE TAXABLE BONDS, AND (2) THE CIRCUMSTANCES IN WHICH TAXABLE BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Taxable Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the Authority or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Authority, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Authority (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Authority, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Taxable Bonds must certify to the Authority or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing federal income tax treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Authority or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Taxable Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Taxable Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Taxable Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Taxable Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Taxable Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Taxable Bonds shall have no recourse against the Authority, nor will the Authority be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Taxable Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of "withholdable payment" for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Taxable Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Taxable Bonds are Outstanding, the Authority, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Authority, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Taxable Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Authority, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the Authority nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Taxable Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Taxable Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Bond Counsel is of the opinion that interest on the Taxable Bonds is exempt from personal income taxes of the State of California under present State law. Bond Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Taxable Bonds nor as to the taxability of the Taxable Bonds or the income therefrom under the laws of any jurisdiction other than the State of California.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Taxable Bonds for federal or state income tax purposes, and thus on the value or marketability of the Taxable 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), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Taxable Bonds. Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Taxable Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE BONDS.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Series 2024 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2024 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Authority were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the Authority would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an "equity interest" in the Authority and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Series 2024 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2024 Bonds, including the reasonable expectation of purchasers of Series 2024 Bonds that the Series 2024 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2024 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2024 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Authority or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2024 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2024 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2024 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2024 Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Series 2024 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Series 2024 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Authority, the Trustee, Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2024 Bonds, the purchase of the Series 2024 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2024 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Authority, the Trustee or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2024 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2024 Bonds and with regard to the exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes (see "TAX MATTERS") are subject to the legal opinion of O'Melveny & Myers 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 2024 Bonds, dated and premised on law in effect as of the date of original delivery of the Series 2024 Bonds, will be delivered to the Authority on the date of issuance of the Series 2024 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, Stradling Yocca Carlson & Rauth LLP. The opinion provided to the Underwriters by their counsel will provide that only the Underwriters may rely upon such opinion.

Sheppard, Mullin, Richter & Hampton LLP serves as Disclosure Counsel to the Authority in connection with certain matters. Sheppard, Mullin, Richter & Hampton LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

O'Melveny & Myers LLP and Nixon Peabody LLP undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2024 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 2024 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 2024 Bonds or otherwise have a material adverse effect on the Authority's financial position.

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") are expected to assign their ratings of "A1" and "AA," respectively, for the Series 2024 Bonds, assuming the Series 2024 Bond Insurance Policies are delivered at the time the Series 2024 Bonds are issued. Moody's, Fitch, Inc. ("Fitch") and S&P have also assigned their ratings on the Series 2024 Bonds of "A3," "A" and "A-," respectively, on the Series 2024A Bonds and the Series 2024B Bonds and "Baa2," "BBB+" and "BBB+," respectively, on the Series 2024C Bonds and the Series 2024D Bonds, in each case without regard to the issuance of the Series 2024 Bond Insurance Policies. Certain information was supplied by the Authority and the Ports to such rating agencies to be considered in evaluating the Series 2024 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 2024 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 2024 Bonds, may have an adverse effect on the market price, marketability or liquidity of the Series 2024 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 2024 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 2024 Bonds are to be purchased from the Authority by J.P. Morgan Securities LLC, RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Ramirez Co., Inc., and Siebert Williams Shank & Co., LLC (collectively the "Underwriters") at an aggregate purchase price of $215,833,619.16 (representing the aggregate principal amount of the Series 2024 Bonds, plus original issue premium of $821,793.70 and less an Underwriters' discount of $1,220,929.84), all subject to the terms of a Bond Purchase Agreement for the Series 2024A Bonds and the Series 2024B Bonds (the "2024AB Bond Purchase Agreement") and the Series 2024C Bonds and the Series 2024D Bonds (the "2024CD Bond Purchase Agreement", and together the "Bond Purchase Agreements"), each between the Authority and the Underwriters. The Bond Purchase Agreements provide that the Underwriters will purchase all of the Series 2024 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 Agreements, including the approval by counsel of certain legal matters.

The Underwriters intend to offer the Series 2024 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 2024 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, 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.

In addition to their role as Underwriters for the Series 2024 Bonds, J.P. Morgan Securities LLC and RBC Capital Markets, LLC are also serving as Dealer Managers for the Invitation. The Target Bonds are being offered solely by means of the Invitation, as described herein. The Dealer Managers, have entered into an exclusive Dealer Manager Agreement with the Authority under which the Dealer Managers will be compensated in an amount equal to a percentage of the aggregate principal amount of Tendered Bonds tendered and accepted for cash purchase.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2024 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of CS&Co. and LPL will purchase Series 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024 Bonds that such firm sells.

FINANCIAL STATEMENTS

The audited financial statements of the Authority as of and for the fiscal years ended June 30, 2023 and 2022 are included in Appendix A. The audited financial statements of the Authority as of and for the fiscal years ended June 30, 2023 and 2022 have been audited by Moss Adams LLP, independent auditor, as stated in their report appearing therein. The Authority has not requested that Moss Adams LLP provide consent for inclusion of its audit report in this Official Statement. Moss Adams LLP has not been engaged to perform and has not performed, since the date of its report appearing in Appendix A, any procedures on the financial statements addressed in that report. Moss Adams LLP also has not performed any procedures relating to this Official Statement. 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, 2023 and 2022 and the report of the independent auditor dated December 15, 2023 were provided by POLA for inclusion in Appendix B. Moss Adams 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. Moss Adams 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 year ended September 30, 2022 and the report of the independent auditor dated March 27, 2023 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.

MUNICIPAL ADVISORS

PFM Financial Advisors LLC and Frasca & Associates LLC have acted as Municipal Advisors to the Authority in connection with the issuance of the Series 2024 Bonds. The Municipal Advisors are 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. PFM Financial Advisors LLC and Frasca & Associates LLC are each advisory firms and neither is 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 2024 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 2024 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 Kevin Scott, Chief Financial Officer, at the address shown on the third page of this Official Statement or by facsimile at (562) 247-7090.

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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 2024 Bonds. The Authority has authorized the preparation, execution and distribution of this Official Statement.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

By: /s/ Michael Leue

Michael Leue, Chief Executive Officer

APPENDIX A

THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY, INCLUDING AUDITED FINANCIAL STATEMENTS

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ORGANIZATION AND MANAGEMENT OF THE AUTHORITY

Introduction; 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 (defined below), and is authorized by the terms of the Joint Powers Agreement to conduct such activities. 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 Appendix E) occurs. See "AUTHORITY REVENUES— Cargo Throughput and Revenue Collections."

The Authority's mission is to facilitate the safe and efficient movement of goods in partnership 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"). The Authority's principal responsibilities include dispatching trains, security and maintenance of the infrastructure of the Rail Corridor and related projects (collectively, the "Project"), and the collection of fees from the Railroads for the use of the Rail Corridor to pay operating costs and debt service on the Bonds (as defined in Appendix E).

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 "Original Agreement"), with the Ports and the Railroads, which provides for, among other things, the design, construction, operation, repair and maintenance of the Project. The Original Agreement was replaced and superseded by the Amended and Restated Alameda Corridor Use and Operating Agreement, dated as of December 15, 2016 (the "Operating Agreement").

Governing Board

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 inside cover of the 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 Thomas Y. Oh, Deputy City Attorney of the City of Long Beach, serve as Co-General Counsel of the Authority.

Michael Leue, *Chief Executive Officer*. The Authority's Board appointed Michael Leue as the Chief Executive Officer in March 2020. Mr. Leue has a working knowledge of the San Pedro Bay Rail complex and railroad industry, and has a 40-year career in port and railroad engineering and executive experience at Fortune 500 companies, most recently having worked at AECOM and Parsons Corporation. While employed in the private sector, Mr. Leue worked on rail operations planning and engineering on the Corridor beginning in the early 1990's and continuously through 2020.

Kevin Scott, *Chief Financial Officer.* The Authority's Board appointed Kevin Scott as the new Chief Financial Officer in July 2020. Mr. Scott has a 35-year career as a public finance investment banker, financial advisor and public policy consultant to many government agencies in the municipal bond sector. Prior to his appointment to the Authority, Mr. Scott most recently served as an independent advisor and provided financial, strategic, and management advisory services to public sector clients including the Port of Los Angeles, Los Angeles World Airports, City of Los Angeles and the County of Los Angeles. Mr. Scott has also had direct public sector employment as executive director of a bipartisan "fiscal watchdog" commission of the State of California. During this time, he transformed the commission into a key source of budget and economic information by offering credible, insightful, and timely forecasts. Mr. Scott holds a Bachelor of Arts degree in economics and Latin American studies from Claremont McKenna College, a Master's degree in business administration from the Harvard Business School and a Master's Degree in public policy from the Harvard Kennedy School.

Graham Christie, *Chief Operating Officer.* The Authority's Board appointed Graham Christie as the new Chief Operating Officer in December 2023. Mr. Christie has a 30-year career in the rail industry, particularly in California. Prior to his appointment to the Authority, Mr. Christie most recently worked at HNTB for 10-years and also previously worked at RailPros Inc. and AECOM. Mr. Christie received his Bachelor of Science degree in Civil Engineering from the University of California-Davis and is a licensed Civil Engineer in California.

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 planning and analysis, 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 $7 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 12 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 AECOM, Moffatt & Nichol Engineers, Jenkins, Gales and Martinez, Inc., and TELACU Construction Management, Inc. and provides day-to-day professional services related to management and engineering. ACET provides approximately 7 full-time-equivalent support positions, including environmental engineering, contract administration, utility and right-of-way services and engineering support. The 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 from time-to-time to extend its term, most recently on June 16, 2022. See "THE RAIL CORRIDOR AND RELATED PROJECTS—Maintenance and Operation of the Rail Corridor."

THE RAIL CORRIDOR AND RELATED PROJECTS

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. 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.

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 referred to as: 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 (the "Mid-Corridor Segment").

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 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 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. 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.

The maximum capacity of the Rail Corridor, as estimated by a prior study, is 186 train movements per day, which included 113 intermodal trains with a carrying capacity of 18 to 22 million TEUs per year depending on average train length. From January through October 2023, the Rail Corridor is handling an average 26 trains per day, which is a decrease from the average of approximately 36 trains per day experienced in the last decade. This decrease is in part due to the increasing length of trains that each carry more cargo, and in part due to the recent supply chain and transloading issues. From January through October 2023, the Rail Corridor is handling an average number of TEUs per train of approximately 437, which is an increase from the average of approximately 363 TEUs per train experienced in the last decade. See "Recent Impacts on Use Fees and Container Charges."

Environmental Benefits of the Rail Corridor

The Rail Corridor increased the efficiency and transport of containers via rail by consolidating the pre-existing 90 miles of rail lines onto an integrated 20-mile track separated from non-rail traffic. The Rail Corridor provides a number of environmental quality benefits, including to water and air quality by, among other things: (i) allowing for faster rail transport speeds than previous routes to the intercontinental railroad by (a) replacing three historic train routes that were circuitous, slow, and ran at-grade through many more communities than the current Rail Corridor, and (b) utilizing more efficient tracks that impose a lower load on a locomotive's engine, resulting in decreases in locomotive exhaust emission, decreases in train travel time, and decreases in locomotive fuel consumption than the previous rail lines; (ii) eliminating 200 at-grade crossings which reduced emissions caused by delays and improves response time for emergency vehicles; (iii) enhancing the rail capacity which has reduced the need for trucking cargo; and (iv) installing storm drain systems that remove contaminants and are designed to handle at least 50 year storm events. The Rail Corridor was not adversely affected by the recent weather events, including the heavy rains, during calendar year 2023. The Authority estimates that the removal of the 200 at-grade crossings and improved train performance resulted in an annual reduction of over 19,000 tons of greenhouse gas emissions, 50-tons of carbon monoxide emissions, 150 tons of nitrogen oxide emissions, and over 9 tons in volatile organic compound emissions. In addition, the Authority estimates that every 8,000 foot equivalent train serving the Ports removes at least 750 truck trips from local and regional streets and highways.

Prior Transloading Issues

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 international containers increasingly was being trucked to distribution centers for consolidation into larger domestic containers before leaving the area. The Authority's consultants estimated that for every three 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.

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 Original 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 Original Agreement, and between November 2004 and May 2006, negotiations and then formal mediation proceedings ensued to resolve the dispute. A settlement was reached in 2006 and the Original 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 Original Agreement, and an additional fee in the event Shortfall Advances had to be paid.

The Operating Agreement (which replaced and superseded the Original Agreement in 2016) provides that the Use Fees are 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 of January 1, 2024, the Surcharge was adjusted to $1.59 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."

Related Projects

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

Two projects, the Intermodal Container Transfer Facility (ICTF) Tail Track and the West Alameda St. Storage Yard, were cancelled. Six projects, the Watson Lead Tracks, the ICTF Lead Tracks, the Thenard Connection, the Thenard Wye Tracks, Additional Port Control Points, and the Pacific Coast Highway Project were completed. With respect to the Pacific Coast Highway Project, final property transfers occurred in 2022. 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 was initially comprised of two segments and involved feasibility studies, preliminary engineering and environmental document preparation only, all of which are complete. The construction of the first SR-47 Project segments is substantially complete and is being managed by the California Department of Transportation. The Authority's obligation is limited to providing environmental mitigation, third-party property acquisitions and utility coordination work for the Schuyler Heim Bridge.

Union Pacific is replacing an existing track connection to the Rail Corridor from the south end of its Dolores Yard to improve access to and from the Ports. The project is expected to improve rail traffic flow and is scheduled to be built in 2023-2024 at Union Pacific's expense.

The Use Permit

In connection with the Project, the Ports and the Authority entered into a Use Permit dated October 12, 1998 (the "Use Permit") pursuant to which the Ports granted to the Authority the right to use and occupy the Property (as defined in Appendix E) 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. The parties are in discussions regarding a proposed amendment to the Use Permit to, among other things, extend the term of the Use Permit to calendar year 2062 or beyond. There can be no assurances that the parties will ultimately agree to an amendment. See "BONDHOLDERS' RISKS — Uncertainties of Estimates, Assumptions and Forward-Looking Statements; — Operational Risks."

The Operating Agreement and Maintenance and Operation of the Rail Corridor

Operating Agreement. The Operating Agreement 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 (as defined in Appendix E) for the operation, repair and maintenance of the Rail Corridor; 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. The Operating Agreement was amended and restated in 2016 to update the arrangements under which the parties to the Operating Agreement oversee and administer the operation of the Project. The updates included in the amended and restated Operating Agreement included replacing the Alameda Corridor Operating Committee ("Operating Committee"), which had been comprised of representatives from each Port and each Railroad, with direct decision-making authority by the Ports and the Railroads for the management of the maintenance and operations of the Rail Corridor. Pursuant to the Operating Agreement, except for certain specified matters, decisions are made through a mutual agreement process requiring approval by at least three of the following parties: the Port of Los Angeles, the Port of Long Beach, BNSF and Union Pacific ("Mutual Agreement"). Unless otherwise specified in the Operating Agreement, if a determination by Mutual Agreement cannot be reached by the relevant parties under the Operating Agreement, the relevant matter may be submitted to mediation.

For additional detail regarding the mutual agreement process and maintenance and operation of the Rail Corridor, see "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS — OPERATING AGREEMENT" in Appendix E.

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 and without limitation, the annual costs of operating, maintaining and repairing the Rail Corridor and the Port-Owned Tracks and related facilities and equipment, property taxes, and insurance premiums and deductibles, but do not include certain items specified in the Operating Agreement, including replacement costs (except to the extent that the Ports and Railroads determine through Mutual Agreement that such costs are not properly included in Capital Expenses), costs to remediate hazardous material conditions resulting from the activities of parties other than the Railroads (or their employees, contractors, shippers, or invitees), or certain liability insurance premiums or deductibles.

As described below, to the extent funds are available, non-rail maintenance costs (approximately $7.9 million in fiscal year 2023) are paid from the reserve account funded by Use Fees and Container 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 2024 Bonds. "SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS — 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 — OPERATING AGREEMENT—Use Fees, Container Charges and M & O Charges" in Appendix E.

The Operating Agreement requires that the annual plan and budget approved by the Ports and Railroads through Mutual Agreement 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 Ports and the Railroads through Mutual Agreement modify 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 each month 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. If, by January 1 of a given year, a plan and budget for such calendar year has not been approved through Mutual Agreement, the prior calendar year's plan and budget will apply, and the Railroads will pay the Monthly Amount in accordance with such prior year's plan and budget until a final plan and budget for the current calendar year is approved through Mutual Agreement.

In calendar years 2022 and 2023, the Monthly Amount was approximately $750 thousand and $1 million, respectively. In addition, the Railroads paid approximately $1.7 million and $2.6 million in calendar years 2022 and 2023 for insurance premiums. The annual plan and budget prepared by the Ports and Railroads estimates M & O Charges of approximately $14.3 million for calendar year 2024, which would result in an estimated Monthly Amount of approximately $1.2 million 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 — 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 Authority's annual plan and budget for the Rail Corridor, as approved through a Notice of Mutual Agreement ("NMA") by the Parties, to contain a separate subplan and sub-budget 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 calendar year ended December 31, 2023, Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges were budgeted at approximately $7.9 million, an increase of approximately 10.7% from calendar year 2022. Capital costs of approximately $7.2 million were budgeted for calendar year ending December 31, 2022, and approximately $12.5 million of additional capital costs are expected to be incurred in calendar year 2024.

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 through NMA by the parties, 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 — 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 2024 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 parties 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 October 31, 2023, the cash balance credited to the Reserve Account was approximately $14.6 million and through December 31, 2023 the Reserve Account Target is $15.0 million. For calendar year 2024, the Authority has budgeted approximately $12.5 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 — 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 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 parties, 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 (as amended, the "Dispatching Agreement"), between the Authority and the Railroads; (ii) an Alameda Corridor Maintenance Agreement (Rail Corridor and Non-Rail Components), dated May 1, 2019 (as amended, the "Maintenance Agreement") between the Authority and RailWorks Track Services, Inc. ("RailWorks"); 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 parties, 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.

<u>The Maintenance Agreement.</u> Pursuant to the Maintenance Agreement, RailWorks 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, RailWorks 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 RailWorks 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. RailWorks 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, 2024. The term will automatically renew for one year extending the Agreement until the earlier of April 14, 2025 or the date a new contractor is hired by the Authority. In addition, the Authority has the right to extend the Maintenance Agreement for an additional 5-year term through April 14, 2029.

<u>The Dispatching Agreement.</u> The Operating Agreement requires the Authority to provide dispatching services and since 2002, the Authority has contracted 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 in the event of a significant delay on the Rail Corridor. Under the Dispatching Agreement, the Corridor Dispatcher is required to provide the Authority 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 Authority 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 parties 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 the most recent extension period approved by the parties and the Authority is scheduled to expire on October 14, 2024.

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 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, 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 the most recent extension period approved by the parties and the Authority is scheduled to expire on October 14, 2024.

Rights-of-Way; Local Agencies

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 600 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 been ongoing and is expected to be completed in the next few years.

AUTHORITY REVENUES

Cargo Throughput and Revenue Collections

In the first six years of the Authority's operations, the combined containerized cargo throughput at the Ports increased steadily by approximately 10% per year until the global economic downturn in 2008, which caused a decrease in the Ports throughput by approximately 8.5% in 2008 as compared with 2007 and approximately 18% in 2009 as compared with 2008. In 2010, cargo throughput at the Ports increased approximately 20% from 2009 and over the next eight years continued to increase at a nominal rate of approximately 4% each year.

In 2019, the combined throughput at the Ports declined by approximately 3.3% as compared with 2018, which was attributed to the US-China trade war tariffs. Following the outbreak of the COVID-19 pandemic, Port throughput increased by approximately 2.1% in calendar year 2020 from 2019 and approximately 15.8% in calendar year 2021 as compared to 2020.

Port throughput decreased approximately 5.1% in calendar year 2022 as compared to 2021. This decrease is attributed to a retraction of Ports cargo volumes as the pandemic-induced e-commerce spike waned, combined with some cargo shifting of primarily "discretionary cargo" (cargo containing products that do not need to be shipped into a particular port due to timing or geographic constraints) to other gateways into the United States to avoid potential west coast longshore labor contract negotiation risks, particularly during the second half of calendar year 2022. Following the ratification of the ILWU contract in August 2023, cargo volumes at the Ports have returned to the pre-pandemic levels experienced in calendar year 2019.

Table 7 below 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 2013 through 2022. 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 containers transferred directly to or from railcars at on-dock or near-dock facilities both of which have direct access to the Rail Corridor, and (2) Container Charges on full containers that are trucked around the Rail Corridor to or from off-dock rail facilities without utilizing the Rail Corridor and that originated from or are destined to points beyond Southern California. 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 "Recent Impacts on Use Fees and Container Charges" below, "THE PORT OF LOS ANGELES" in Appendix B, "THE PORT OF LONG BEACH" in Appendix C.

TABLE 7

PORTS OF LONG BEACH AND LOS ANGELES AND AUTHORITY CONTAINER THROUGHPUT CALENDAR YEARS 2013-2022

(TEUs)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ports[1]										
Inbound[2]	7,432,017	7,787,274	7,784,725	7,987,323	8,579,276	8,967,959	8,472,704	8,825,380	10,095,134	9,334,525
Outbound[2]	3,625,999	3,536,409	3,182,237	3,347,998	3,370,448	3,427,062	3,228,979	3,007,295	2,622,062	2,601,968
Empties	3,541,139	3,837,191	4,385,562	4,296,631	4,937,976	5,154,751	5,267,982	5,494,038	7,344,787	7,108,325
Total TEUs	14,599,155	15,160,874	15,352,524	15,631,952	16,887,700	17,549,772	16,969,665	17,326,713	20,061,983	19,044,818
% Change From Prior Year	3.37%	3.85%	1.26%	1.82%	8.03%	3.92%	-3.31%	2.10%	15.79%	-5.07%
Authority[1]										
Inbound[2]	2,769,596	2,959,071	2,843,550	2,657,908	2,734,306	2,745,996	2,778,090	2,427,546	2,515,253	2,158,426
Outbound[2]	1,720,652	1,636,401	1,392,488	1,444,289	1,479,548	1,521,071	1,470,201	1,339,786	1,027,956	1,009,745
Empties	342,344	505,239	682,773	397,665	513,415	492,004	682,979	546,975	1,156,765	956,839
Total TEUs	4,832,592	5,100,711	4,918,811	4,449,862	4,727,269	4,759,071	4,931,270	4,314,307	4,699,974	4,125,010
% Change From Prior Year	3.23%	5.55%	-3.57%	-8.52%	5.05%	0.67%	3.62%	-12.51%	8.94%	-12.23%
Authority's % of Ports' Throughput	33.10%	33.64%	32.04%	28.79%	27.99%	27.12%	29.06%	24.90%	23.43%	21.66%
Authority's loaded TEU Capture Rate[3]	40.61%	40.58%	38.63%	36.19%	35.26%	34.43%	36.30%	31.84%	27.86%	26.54%

[1] For the Authority, for the years 2013-2015, excludes the Authority's domestic (Non-Waterborne) component; for the Ports, includes transfers to Alaska and Hawaii.
[2] Fully loaded.
[3] The loaded TEUs includes the inbound and outbound for the Ports and the Authority.
Sources: For Port TEUs, the Ports; and for Authority TEUs, the Authority.

TABLE 7-A

PORTS OF LONG BEACH AND LOS ANGELES AND AUTHORITY CONTAINER THROUGHPUT
ELEVEN MONTH PERIOD ENDED NOVEMBER 30, 2022 AND 2023

(TEUs)

	Eleven Month Period Ended November 30, 2022	Eleven Month Period Ended November 30, 2023
Ports[1]		
Inbound[2]	8,740,836	7,547,697
Outbound[2]	2,389,668	2,349,172
Empties	6,641,338	5,299,147
Total TEUs	17,771,842	15,196,016
% Change From Prior Year	-	-14.49%
Authority[1]		
Inbound[2]	2,014,810	1,804,194
Outbound[2]	919,560	943,312
Empties	902,865	626,936
Total TEUs	3,837,236	3,374,442
% Change From Prior Year	-	-12.06%
Authority's % of Ports' Throughput	21.59%	22.21%
Authority's loaded TEU Capture Rate[3]	26.36%	27.76%

(1) For the Ports, includes transfers to Alaska and Hawaii.
(2) Fully loaded.
(3) The loaded TEUs includes the inbound and outbound for the Ports and the Authority.
Sources: For Port TEUs, the Ports; and for Authority TEUs, the Authority

Table 8 below summarizes for calendar years 2015 through 2024 the Authority's Use Fees and Container Charges.

TABLE 8

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
CONTAINER CHARGES AND USE FEES
(Effective January 1, 2015-2024)[(1)]

Calendar Year	Loaded Waterborne/TEU	Empty TEU or Loaded Non-Waterborne/TEU	Miscellaneous Full Railcar	CPI Increase[(2)]
2015	$ 22.92[(3)]	$ 5.49	$ 10.98	1.50%
2016	23.26[(3)]	5.57	11.14	1.50
2017	23.77[(3)]	5.69	11.39	2.20
2018	24.51[(3)]	5.87	11.74	3.10
2019	25.51[(3)]	6.11	12.12	4.10
2020	26.33[(3)]	6.31	12.61	3.20
2021	26.72[(3)]	6.40	12.80	1.50
2022	27.92[(3)]	6.69	13.38	4.50
2023	29.18[(3)]	6.99	13.98	4.50
2024	29.88[(3)]	7.16	14.32	2.40

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(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 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.

(2) CPI increases are calculated from October 31 in the current calendar year to October 31 of the prior calendar year. Under the Operating Agreement, the minimum increase is 1.5% and the maximum increase is 4.5%, even if the actual CPI increase was lower or higher.

(3) Includes the Surcharge.

Source: The Authority.

Table 9 below summarizes revenue collected by the Authority during fiscal years 2013 through 2022. See "—Use Fees," "—Container Charges" and "—Collection of Use Fees and Container Charges; Revenue Verification System." As shown in the table, between 88.16% and 96.20% 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 2014-2023[1]

(Fiscal Years ended June 30)

Component	2014[2]	2015[2]	2016[2]	2017[2]	2018[2]	2019[2]	2020[2]	2021	2022	2023
	Revenue	**Revenue**	**Revenue**	**Revenue**	**Revenue**	**Revenue**	**Revenue**	**Revenue**	**Revenue**	**Revenue**
Waterborne Full	$104,859,129	$100,128,456	$99,513,410	$98,576,102	$106,863,452	$104,766,105	$95,493,699	$108,784,690	$86,491,578	$87,885,192
Waterborne Empty	2,149,683	3,475,207	2,381,695	2,331,736	2,806,036	3,569,183	3,287,709	6,184,058	6,543,086	5,803,475
Non-Waterborne	685,034	730,053	621,312	819,044	2,069,457	3,103,163	2,547,083	2,877,225	3,129,453	4,638,869
Misc. Full Railcars	1,305,044	1,185,054	1,035,519	1,076,059	1,194,294	1,111,988	786,690	1,028,284	1,147,864	1,363,509
Totals	$108,998,890	$105,518,770	$103,551,936	$102,802,942	$112,933,239	$112,550,438	$102,115,182	$118,874,257	$97,311,981	$99,691,045
	% 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**	**% of Total Revenue**
Waterborne Full	96.20%	94.89%	96.10%	95.88%	94.63%	93.08%	93.52%	91.51%	88.88%	88.16%
Waterborne Empty	1.97	3.29	2.30	2.27	2.48	3.17	3.22	5.20	6.72	5.82
Non-Waterborne	0.63	0.69	0.60	0.80	1.83	2.76	2.49	2.42	3.22	4.65
Misc. Full Railcars	1.20	1.12	1.00	1.05	1.06	0.99	0.77	0.87	1.18	1.37
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.0%	100.00%	100.00%

(1) Totals may not add due to rounding.
(2) Includes the Surcharge, plus the CPI increase for Loaded Waterborne TEUs.
Source: The Authority.

Recent Impacts on Use Fees and Container Charges

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 the Authority's Revenues from such throughput is derived primarily from (i) Use Fees on containers transferred directly to or from railcars at on-dock or near-dock facilities, both of which have direct access to the Rail Corridor, and (ii) Container Charges on full containers that are trucked to or from off-dock rail facilities without utilizing the Rail Corridor and that originated from or are destined to points beyond Southern California. 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 "AUTHORITY REVENUES."

Beginning in June 2020, increased consumer spending, especially in e-commerce, resulted in increased container freight volumes at the Ports. The sudden and sustained rebound in container volumes following the onset of the COVID-19 pandemic contributed to supply chain congestion and vessel back-ups at the Ports, and throughout the United States. This supply chain congestion resulted in supply chain participants using alternative modes of transportation, including diverting some cargo from rail to truck, which contributed to a lower Capture Rate.

In fiscal year 2021, Authority revenue had not yet been adversely impacted by the events described above, but in the months following June 2021, Authority revenue began trending downward as compared to the historically high revenues in fiscal year 2021. In fiscal year 2022, revenues from Use Fees and Container Charges were approximately $21.6 million less than in fiscal year 2021. In fiscal year 2023, shippers were further induced to seek alternative routes due to concerns around potential temporary slowdowns that could result from west coast longshore labor contract negotiations that began in May 2022. The downward trend associated with the supply chain congestion and anticipation of longshore labor contract negotiations hit a low point in November 2021, after which revenues remained steady through February 2022 and began increasing month-over-month with an approximately 22% increase in March 2022 and an approximately 8% increase in April 2022. The Authority's revenue increased from April through August 2022, after which revenues decreased for the next six months as the west coast longshore labor contract negotiations continued. The west coast longshore labor contract was ratified in August 2023 and in anticipation of settlement, the Authority revenues rebounded by approximately 13% in the second quarter as compared to the first quarter of 2023. For the remainder of calendar year 2023, the Authority's revenues held steady with approximately 3% gains in the third quarter as compared with the second quarter.

No assurance can be given that current trends relating to cargo volume, type, source and destination will continue in line with current trends or that any forecast or expectation regarding future projected cargo throughput or revenues will be obtained. See BONDHOLDERS' RISKS -Uncertainties of Estimates, Assumptions and Forward-Looking Statements"; "-COVID-19 Pandemic Issues and Impacts"; "-Port Congestion; Supply Chain Issues; TEU Diversion"; and "-Labor Shortage and Unrest."

Historical Revenues and Expenses.

Table 10 is derived from the Authority's audited financial statements for fiscal years ended June 30, 2019 through June 30, 2023.

TABLE 10

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(Fiscal Years ended June 30)

	2019	2020	2021	2022	2023
Operating revenues:					
Use fees and container charges	$112,550,438	$102,115,182	$ 118,874,257	$ 97,311,981	$ 99,691,045
Maintenance-of-way charges[(1)]	5,509,784	6,552,615	7,925,261	8,220,228	9,835,210
Total operating revenues	118,060,222	108,667,797	$ 126,799,518	$ 105,532,209	$ 109,526,255
Operating expenses:					
Salaries and benefits	2,282,399	2,491,825	2,408,569	1,701,986	2,835,958
Administrative expenses	2,172,258	2,251,536	2,001,240	1,823,253	1,828,304
Professional services	899,499	1,131,504	1,082,360	909,962	946,435
Maintenance-of-way	8,414,068	10,317,020	14,050,241	12,934,581	15,194,895
Depreciation	21,024,851	21,016,917	21,019,477	21,122,173	21,111,536
Total operating expenses	34,793,075	37,208,802	40,561,887	38,491,954	41,917,128
Operating income	83,267,147	71,458,995	86,237,631	67,040,254	67,609,127
Nonoperating revenues:					
Interest and investment revenue, net	6,670,741	7,572,659	2,388,596	(1,223,813)	4,408,578
Grants[(2)]	885,189	896,530	577,595	1,942,312	973,149
Miscellaneous revenue	248,728	242,335	320,028	897,022	1,942,277
Total nonoperating revenues	7,804,658	8,711,524	3,286,218	1,615,521	7,324,004
Nonoperating expenses:					
Interest expense	106,352,164	107,137,899	107,533,022	108,001,227	123,420,121
Loss on sale and transfers of capital assets held for sale and transfer[(3)]	--	--	--	10,164,800	66,496
Expenses for public benefit	938,464	978,686	730,206	2,756,180	2,574,292
Bond issuance costs	--	--	--	--	10,393,666
Total nonoperating expenses	107,290,628	108,116,585	104,977,009	119,306,686	129,130,571
Change in net position[(4)]	(16,218,823)	(27,946,066)	(18,739,378)	(52,266,432)	(61,521,444)
Net position, beginning of the year, as restated	(408,847,591)	(425,066,414)	(453,012,480)	(471,751,858)	(524,018,290)
Net position, end of year	(425,066,414)	(453,012,480)	(471,751,858)	(524,018,290)	(585,539,734)

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(1) 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.

(2) Represents proceeds from federal or state grants awarded to reimburse the Authority or Caltrans for costs related to Expenses for public benefit as listed above.

(3) See Note 4 in the Authority Financial Statements.

(4) Decreases in total net position are primarily because operating income (which takes depreciation into account) is less than interest expense. See the Authority Financial Statements.

Source: The Authority.

Historical Debt Service Coverage

Table 11 shows for Fiscal Years ended June 30, 2014 through 2023 debt service coverage calculated using Use Fee and Container Charges and Debt Service. The calculations shown in Table 11 are not required by the Indenture and are shown for information only.

TABLE 11

HISTORICAL AUTHORITY REVENUE DEBT SERVICE COVERAGE
AUTHORITY FISCAL YEARS 2014-2023

Fiscal Year Ending June 30	Use Fees and Container Charges[(1)]	Senior Lien Bonds Debt Service[(2)]	Debt Service Coverage for Senior Lien Bonds[(3)]	First Subordinate Lien Bonds Debt Service[(4)]	Second Subordinate Lien Bonds Debt Service	Debt Service Coverage for All Bonds[(3)]	Shortfall Advances	Additional Funds Used for Debt Service on October 1 of Such Fiscal Year[(5)]
2014	$108,998,890	$ 42,106,771	2.59x	$ 57,543,575	$ -	1.09x	$ -	$ 15,000,000
2015	105,518,770	45,135,046	2.34x	69,523,600	-	0.92x	-	18,963,799
2016	103,551,936	62,504,217	1.66x	49,846,100	-	0.92x	-	-
2017	102,802,942	62,933,626	1.63x	23,691,830	22,320,818	0.94x	-	-
2018	112,933,239	63,370,234	1.78x	36,036,950	26,174,250	0.90x	-	-
2019	112,550,438	63,804,309	1.76x	39,481,950	26,174,250	0.87x	-	-
2020	102,115,182	75,079,554	1.36x	31,951,950	26,174,250	0.77x	-	-
2021	118,874,257	82,271,825	1.44 x	29,116,950	26,174,250	0.86x	-	-
2022	97,311,981	75,079,554	1.30x	5,777,700	26,174,250	0.91x	-	-
2023	99,691,045	23,615,831	4.22x	11,939,550	20,636,765	1.77x	-	-

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

(2) Includes debt service of the Series 2012 Senior Lien Bonds and the Series 2013A Senior Lien Bonds.

(3) Does not include cash-on-hand (e.g., Use and Container Charges revenue from prior Fiscal Years), investment income and transfers of unexpended Series 1999 Bond proceeds and other funds available for and/or applied to October 1 debt service payments. The Authority makes monthly deposits with the Trustee to fund debt service payments (e.g., the deposits for May and June are made after the April 1 interest payment date, but before the end of the Fiscal Year, and are applied to pay debt service on October 1, which is in the following Fiscal Year).

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

(5) The amounts shown include amounts 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.

Source: The Authority.

Table 12 shows for Fiscal Years ended June 30, 2014 through 2023 debt service coverage calculated as provided in the Indenture. Table 12 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 11, Table 12 does not include additional funds used to pay debt service.

TABLE 12

HISTORICAL DEDICATED REVENUE DEBT SERVICE COVERAGE
FISCAL YEARS 2014-2023

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	Second Subordinate Lien Bonds Debt Service	Debt Service Coverage for All Bonds
2014	$ 108,998,890	$ 39,860,138	$ 148,859,028	$ 42,106,771	3.54x	$ 57,543,575	$ -	1.49x
2015	105,518,770	45,863,458	151,382,228	45,135,046	3.35x	69,523,600	-	1.32x
2016	103,551,936	45,215,768	148,767,704	62,504,217	2.38x	49,846,100	-	1.32x
2017	102,802,942	34,650,182	137,453,124	62,933,626	2.18x	23,691,830	22,320,818	1.26x
2018	112,933,239	39,762,873	152,696,211	63,370,234	2.41x	36,036,950	26,174,250	1.22x
2019	112,550,438	41,314,503	153,864,941	63,804,309	2.41x	39,481,950	26,174,250	1.19x
2020	102,115,182	42,812,602	144,927,784	75,079,554	1.93x	31,951,950	26,174,250	1.09x
2021	118,874,257	44,555,510	163,429,767	82,271,825	1.99x	29,116,950	26,174,250	1.19x
2022	97,311,981	46,585,158	143,897,139	75,079,554	1.92x	5,777,700	26,174,250	1.34x
2023	99,691,045	22,476,859	122,167,903	23,615,831	5.17x	11,939,550	20,636,765	2.17x

(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.

Source: The Authority.

THE AUTHORITY'S OUTSTANDING BONDS

Outstanding Series 1999 Bonds. The Authority issued its Tax Exempt Senior Lien Revenue Bonds, Series 1999A (the "Series 1999A Senior Lien Bonds") and Taxable Senior Lien Revenue Bonds, Series 1999C (collectively with the Series 1999A Senior Lien Bonds, the "Series 1999 Senior Lien Bonds"), and its Tax-Exempt Subordinate Lien Revenue Bonds, Series 1999B and Taxable Subordinate Lien Revenue 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's Series 1999B Bonds and 1999D Bonds are no longer Outstanding. 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"). The Series 2024A Bonds are being issued, in part, to pay the purchase price to all holders of the Series 1999A Bonds maturing on October 1, 2030, 2031, 2032, and 2033 who elected to tender such Series 1999A Bonds to the Authority. The Series 2024B Bonds are being issued, in part, to pay the purchase price to all holders of the Series 1999C Bonds maturing on October 1, 2030, 2031, 2032, and 2033 who elected to tender such Series 1999C Bonds to the Authority. See "PLAN OF FINANCE" 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 Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A 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"). The Series 2024C Bonds are being issued, in part, to pay the purchase price to all holders of the Series 2004A Bonds maturing on October 1, 2029 and 2030 who elected to tender such Series 2004A Bonds to the Authority. The Series 2024D Bonds are being issued, in part, to pay the purchase price to all holders of the Series 2004B Bonds maturing on October 1, 2026, 2027, 2028, 2029, 2031, 2032, and 2033 who elected to tender such Series 2004B Bonds to the Authority. See "PLAN OF FINANCE." 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 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 its Tax-Exempt 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."

Outstanding Series 2016 Subordinate Lien Bonds. On May 11, 2016, the Authority issued 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 Bond, the "Series 2016 Bonds") to refund, and/or to defease to maturity, a portion of the Authority's Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A (the "Refunded Series 2004A Bonds"). The Series 2016B Bonds are insured by Assured Guaranty Municipal Corp. (the "Series 2016 Bond Insurer"). The Authority made a number of covenants to the Series 2016 Bond Insurer pursuant to the Eleventh Supplemental Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Outstanding Series 2022 Bonds. In July 2022, the Authority issued its Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2022A (the "Series 2022A Senior Lien Bonds"), Taxable Senior Lien Revenue Refunding Bonds, Series 2022B (the "Series 2022B Senior Lien Bonds") and its Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2022C (the "Series 2022C Second Subordinate Lien Bonds" and together with the Series 2022A Senior Lien Bonds and the Series 2022B Senior Lien Bonds, the "Series 2022 Bonds"). The Series 2022A Senior Lien Bonds were issued, in part, to defease the Series 2013A Bonds maturing on October 1, 2022 to their maturity, to pay the purchase price to all holders of the Series 2013A Bonds who elected to tender such Series 2013A Bonds to the Authority and to pay the purchase price to holders of the Series 1999A Bonds who elected to tender such Series 1999A Bonds to the Authority. The Series 2022B Bonds were issued, in part, to defease the Series 1999C Bonds maturing on October 1, 2022 to maturity and to defease a portion of the Series 1999C Bonds maturing on October 1, 2029 to their October 1, 2023, 2024 and 2025 sinking fund redemption dates, and to pay the purchase price to all holders of the Series 1999C Bonds who elected to tender such Series 1999C Bonds to the Authority. The Series 2022C Second Subordinate Lien Bonds were issued, in part, to pay the purchase price to all holders of the Series 2016B Bonds who elected to tender such Series 2016B Bonds to the Authority. The Series 2024A Bonds are being issued, in part, to pay the purchase price to the holders of the Series 2022B Bonds maturing on October 1, 2046 who elected to tender such Series 2022B Bonds to the Authority on a pro rata basis. See "PLAN OF FINANCE."

APPENDIX A-1

AUDITED FINANCIAL STATEMENTS OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY FOR FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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Report of Independent Auditors and Financial Statements with Required Supplementary Information

Alameda Corridor Transportation Authority

June 30, 2023 and 2022

MOSSADAMS

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Report of Independent Auditors

The Governing Board
Alameda Corridor Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alameda Corridor Transportation Authority, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alameda Corridor Transportation Authority as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). For the year ended June 30, 2023, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alameda Corridor Transportation Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alameda Corridor Transportation Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alameda Corridor Transportation Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alameda Corridor Transportation Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions – pension, schedule of changes in the net other post-employment benefits asset and related ratios, and schedule of contributions – other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023, on our consideration of Alameda Corridor Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alameda Corridor Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Corridor Transportation Authority's internal control over financial reporting and compliance.

Moss Adams LLP

Irvine, California
October 24, 2023

Management's Discussion and Analysis

Description of Basic Financial Statements

The Alameda Corridor Transportation Authority (the "Authority" or "Corridor") presents its basic financial statements using the economic resources measurement focus and full accrual basis of accounting. The Authority's basic financial statements include statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. The basic financial statements also include notes that explain the information presented in the basic financial statements.

Financial Highlights

The net deficit of the Authority at June 30, 2023 and 2022, was $585,539,734, and $524,018,290, respectively. Of this amount $65,177,915 was invested in the Authority's capital assets, net of related debt, at June 30, 2022. Due to the refunding and issuance of new debt during the year ended June 30, 2023, total capital debt exceeded capital assets, and therefore, the net impact is reflected as part of the Authority's overall unrestricted net deficit. The Authority's net position decreased by $61,521,444 and $52,266,432 in the years ended June 30, 2023 and 2022, respectively.

The 2023 and 2022 fiscal years marked the twenty first and twentieth full years of operations for the Authority, respectively. The Authority earned $109,526,255 and $105,532,209 from use fees, container charges, and maintenance-of-way charges during fiscal years ended June 30, 2023 and 2022, respectively. The Authority's use fees and container charges for the year 2023 were more than the 2022 total by 2.4%. All of the use fee and container charges and all of the maintenance-of-way charges are received from the Union Pacific ("UP") and Burlington Northern Santa Fe ("BNSF") railroads that utilize the Authority's Alameda Corridor.

Condensed Financial Information

The following condensed financial information provides an overview of the Authority's financial position for the fiscal years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021	Change Between 2023 and 2022	Change Between 2022 and 2021
ASSETS					
Capital assets, net	$ 1,472,546,251	$ 1,493,657,787	$1,514,779,960	$ (21,111,536)	$ (21,122,173)
Other assets	221,884,978	183,145,993	222,189,293	38,738,985	(39,043,300)
Total assets	1,694,431,229	1,676,803,780	$1,736,969,253	17,627,449	(60,165,473)
DEFERRED OUTFLOWS OF RESOURCES	46,623,705	13,181,352	14,518,837	33,442,353	(1,337,485)
LIABILITIES					
Long-term liabilities	2,286,364,613	2,123,453,024	2,141,463,792	162,911,589	(18,010,768)
Current liabilities	39,883,948	89,356,997	81,510,526	(49,473,049)	7,846,471
Total liabilities	2,326,248,561	2,212,810,021	2,222,974,318	113,438,540	(10,164,297)
DEFERRED INFLOWS OF RESOURCES	346,107	1,193,401	265,630	(847,294)	927,771
NET POSITION					
Net investment in capital assets	-	65,177,915	56,048,908	(65,177,915)	9,129,007
Restricted for debt service	119,498,555	110,068,346	107,302,635	9,430,209	2,765,711
Restricted by Master Trust Indenture	79,612,842	41,508,731	66,576,480	38,104,111	(25,067,749)
Unrestricted (deficit)	(784,651,131)	(740,773,282)	(701,679,881)	(43,877,849)	(39,093,401)
Total net position	$ (585,539,734)	$ (524,018,290)	$ (471,751,858)	$ (61,521,444)	$ (52,266,432)

Capital Assets

Capital assets, net, made up of infrastructure and equipment, decreased by $21.1 million or 1.4% between 2023 and 2022. These decreases are primarily due to depreciation of capital assets of $21.1.

Deferred Outflows of Resources

Deferred outflows of resources increased by $33.4 million or 253.7% between 2022 and 2023 and decreased by $1.3 million or 9.2% between 2021 and 2022, respectively. The increase from 2022 to 2023 were primarily due to deferred losses on 2022 bonds refunding. The decrease from 2021 to 2022 was due to amortization on past deferred losses on the 2016 bonds refunding. The deferred outflows on bond refunding are calculated as the difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts). The deferred outflows are being amortized over the shorter of the remaining life of the old debt or the new debt.

Other Assets

Other assets increased by $38.7 million or 21.2% between 2023 and 2022, primarily due to increases in restricted cash and investments, receivables, and prepaid insurance premiums associated with the Authority's 2022 bond refunding.

Other assets decreased by $39.0 million or 17.6% between 2022 and 2021, primarily due to decreases in restricted cash and investments and assets held for transfer.

Current Liabilities

Current liabilities consist of the current portion of accrued interest and revenue bonds payable, accounts payable, unearned revenue, and other liabilities. Current liabilities decreased by $49.5 million or -55.4% and increased by $7.8 million or 9.6% during the fiscal years ended June 30, 2023 and 2022, respectively.

The $49.5 million decrease in fiscal year 2023 is primarily due to a decrease in accrued short-term debt.

The $7.8 million increase in fiscal year 2022 is primarily due to an increase in accrued short-term debt and unearned revenue.

Long-Term Liabilities

Long-term liabilities increased by $163.0 million or 7.7% in fiscal year 2023 compared to fiscal year 2022. The 2023 increase was primarily due to the issuance of the 2022 Series bonds offset by the refunding of older bonds.

Long-Term liabilities decreased by $18.0 million or 0.8% in fiscal year 2022 compared to fiscal year 2021. The 2022 decrease was primarily due to total principal and interest payments on revenue bonds.

The Master Trust Indenture

In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, 2016, and 2022 ("Bonds"), the Authority entered into a Master Trust Indenture ("MTI") with U.S. Bank, the bond trustee ("Trustee"), pursuant to which the Authority assigned all of its rights, title, and interest in and to the Corridor, including the receipt of certain use fees and container charges and other revenues known as "Authority Revenues" to the Trustee as security for the repayment of the Bonds. Pursuant to the terms of the MTI, the Trustee is required to establish certain funds and accounts and to apply the Authority's revenues for the purposes specifically set forth therein. The MTI establishes debt service funds, debt service reserve funds, construction funds, maintenance and capital reserve funds, and certain other restricted funds. The MTI also establishes a priority of payments, which restricts the manner, timing, and sequence of transfers into and out of such funds and accounts, and among such funds and accounts. The MTI requires that the Authority comply with certain operational and financial covenants, restricts the types of investments the Trustee and Authority may make, and requires regular financial reporting and disclosure.

Net Position

Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, decreased by $61.5 million or 11.7% and $52.3 million or 11.1% during the years ended June 30, 2023 and 2022, respectively. The change in net position was primarily the result of interest and operating expenses continuing to exceed operating income. In fiscal years 2023 and 2022, operating revenues were $109.5 million and $105.5 million, respectively. The operating revenues were not sufficient to cover the interest expense of $123.4 million in 2023 and $108.0 million in 2022.

Summary of Changes in Net Position

The table below summarizes the changes in net position for the years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021	Change Between 2023 and 2022	Change Between 2022 and 2021
Operating revenues					
Use fees and container charges	$ 99,691,045	$ 97,311,981	$ 118,874,257	$ 2,379,064	$ (21,562,276)
Maintenance-of-way charges	9,835,210	8,220,228	7,925,261	1,614,982	294,967
Total operating revenues	109,526,255	105,532,209	126,799,518	3,994,046	(21,267,309)
Operating expenses					
Salaries and benefits	2,835,958	1,701,986	2,408,569	1,133,972	(706,583)
Administrative expenses and professional services	2,774,739	2,733,215	3,083,600	41,524	(350,385)
Maintenance-of-way charges	15,194,895	12,934,581	14,050,241	2,260,314	(1,115,660)
Depreciation	21,111,536	21,122,173	21,019,477	(10,637)	102,696
Total operating expenses	41,917,128	38,491,955	40,561,887	3,425,173	(2,069,932)
Operating income	67,609,127	67,040,254	86,237,631	568,873	(19,197,377)
Nonoperating revenues (expenses)					
Interest and investment income (loss), net	4,408,578	(1,223,813)	2,388,596	5,632,391	(3,612,409)
Interest expense	(123,420,121)	(108,001,227)	(107,533,022)	(15,418,894)	(468,205)
Grant revenues	973,149	1,942,312	577,595	(969,163)	1,364,717
Cost of issuance	(10,393,666)	-	-	(10,393,666)	-
Loss on transfers of assets held for transfer	(66,496)	(10,164,800)	-	10,098,304	(10,164,800)
Miscellaneous revenues	1,942,277	897,022	320,028	1,045,255	576,994
Expenses for public benefit	(2,574,292)	(2,756,180)	(730,206)	181,888	(2,025,974)
Total nonoperating expenses	(129,130,571)	(119,306,686)	(104,977,009)	(9,823,885)	(14,329,677)
Changes in net position	(61,521,444)	(52,266,432)	(18,739,378)	(9,255,012)	(33,527,054)
Net position, beginning of the year	(524,018,290)	(471,751,858)	(453,012,480)	(52,266,432)	(18,739,378)
Net position, end of year	$ (585,539,734)	$ (524,018,290)	$ (471,751,858)	$ (61,521,444)	$ (52,266,432)

Operating Revenues

Use fees and container charges revenues representing 91.0% and 92.2% of operating revenues in fiscal years 2023 and 2022, respectively, increased by $2.4 million and decreased by $21.6 million, or 2.4% and 18.1%, in 2023 and 2022, respectively. The current year increase in revenues was due to a net effect of a 4.5% increase in the Consumer Price Index ("CPI") offset by a decrease in the volume of containers received by the ports of Los Angeles and Long Beach (collectively known as the "Ports"). The prior year decrease was due to a decrease in the volume of containers received by the Ports.

Operating Expenses

Operating expenses consist of salaries and benefits, administrative expenses, professional services, maintenance-of-way charges, and depreciation. During the year ended June 30, 2023, operating expenses increased by $3.4 million or 8.9%. The increase in 2023 was the result of an increase of salaries and benefits and M&O expenses. During the year ended June 30, 2022, operating expenses decreased by $2.1 million or 5.1%. The decrease in 2022 was the result of a decrease in maintenance-of-way charges.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist of interest and investment earnings, interest expense, grant revenues, miscellaneous revenues, loss on transfers of assets held for transfer, and expenses for public benefit.

The 2023 increase in nonoperating expenses of $9.8 million was primarily due to $15.4 million increase in interest expense and $10.4 million in cost of issuance expenses offset by an increase in investment income and as a result of a few properties and other parcels that were transferred in 2023 compared to 2022. The 2022 increase in nonoperating expenses of $14.3 million was primarily due to a $3.6 million loss on investment returns and $10.2 million in properties and other parcels that were transferred in 2022.

Capital Assets and Debt Administration

At June 30, 2023 and 2022, the Authority had approximately $1.47 billion and $1.49 billion, respectively, of capital assets, net of accumulated depreciation, and approximately $2.29 billion and $2.12 billion, respectively, in outstanding long-term debt.

Long-Term Debt

As of June 30, 2023 and 2022, the Authority's long-term portion of revenue bonds payable was $1.65 billion and $1.47 billion, respectively. In addition, accrued interest payable was $621.7 million and $636.8 million during fiscal years 2023 and 2022, respectively.

As of June 30, 2023, the Authority's credit ratings for the Senior Bonds (1999A, 1999C, 2012, 2022A and 2022B) are A3, A-, and A by Moody's Investor Service, Standard & Poor's, and Fitch Ratings, respectively. For the first subordinated debt (2004A, 2004B, and 2016A), the ratings are Baa2, BBB+, and BBB+ by Moody's Investor Service, Standard & Poor's, and Fitch Ratings, respectively, and for the second subordinated debt (2016B and 2022C), the ratings are Baa2, BBB+, and BBB by Moody's Investor Service, Standard & Poor's, and Fitch Ratings, respectively.

Additional debt information can be found in Note 6 to the basic financial statements.

Other Developments

The Authority's Alameda Corridor Project opened on April 15, 2002. On that date, the Authority commenced operations and began collecting revenues for intermodal containers and rail cars using the Corridor, as authorized in the Use and Operating Agreement between the Authority and the participating railroads ("Use and Operating Agreement"). The Authority's bonds are payable solely from and secured by a pledge of, among other revenues, use fees, container charges to be paid by the railroads, and shortfall advances to be paid under certain circumstances by the Ports. To the extent that the revenues from use and container charges are not sufficient to meet the Authority's obligations, the Ports have agreed to advance the funds necessary to pay up to the maximum amount of 20% each for any debt service payment. From inception until the fiscal year ended June 30, 2023, approximately $1.98 billion has been received from the railroads. These revenues, combined with remaining interest income and other surplus cash balances, have been sufficient to meet debt services, fund reserve account required deposits, and pay the cost of revenue collections, monitoring, and administrative fees, except for in fiscal years 2012 and 2013 when shortfall advances accumulating to $13.1 million from the Ports were needed.

The Authority's program manager, Alameda Corridor Engineering Team ("ACET"), together with the Authority's staff, are actively working to close out the remaining completed projects from the original Corridor projects as well as to support Caltrans on the SR-47 Project as outlined in cooperative agreements. Remaining work involves property transfers, right-of-way closeouts, and support on the SR-47 project.

The Authority's Governing Board (the "Board") modified the Corridor to include the addition of several Corridor-related projects, consistent with the Authority's Joint Powers Agreement, Use and Operating Agreement, and its bond-related documents. Significant among those projects is the SR-47 project. The SR-47 project has progressed, and the Authority is currently working in conjunction with Caltrans to advance the Heim Bridge portion of the project. The National Environmental Policy Act (NEPA) Record of Decision was approved on August 12, 2009; the Notice of Determination was received on August 17, 2009. The final design for replacement of the bridge was completed in October 2010. Construction was completed in September 2021 and full closeout is scheduled to occur in the middle of 2024.

Pursuant to Section 7.3(h)(ii) of the Use and Operating Agreement, the Authority delivered a Notice of Estimated Shortfall Advances dated March 15, 2022 (the "March 2022 Notice"). In the March 2022 Notice, the Authority indicated that a Shortfall Advance in the amount of $5,000,000 would be required from the Ports for the fiscal year ending in 2023 and a voluntary Port Advance in the amount of $13,000,000 would also be requested from the Ports for the fiscal year ending in 2023. The March 2022 Notice stated that the Authority was evaluating options to restructure its debt, including through the issuance of new bonds, which may reduce or eliminate the need for any Port Advance.

On July 14, 2022, the Authority issued $169,046,510 aggregate principal amount of its Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2022A, $349,694,763 aggregate principal amount of Taxable Senior Lien Revenue Refunding Bonds, Series 2022B and $212,196,986 aggregate principal amount of Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2022C (collectively, the "Series 2022 Bonds"). The Series 2022 Bonds were issued to, among other things, defease certain outstanding bonds through a tender and refunding of those bonds. The restructuring of the Authority's debt through the issuance of the Series 2022 Bonds has removed the projected need for any Shortfall Advance or voluntary Port Advance in the fiscal year ending in 2024.

In April 2019, the Board approved the selection of a new maintenance contractor for the Corridor. RailWorks Track Services, Inc.'s ("RailWorks'") contract commenced on May 1, 2019, for a five-year term with a five-year renewal option. Expenditures related to the maintenance of the Corridor continue to be higher, as the Corridor ages and additional capital work is required.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Alameda Corridor Transportation Authority, 3760 Kilroy Airport Way, Suite 200, Long Beach, California, 90806.

Financial Statements

Alameda Corridor Transportation Authority
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Restricted cash and cash equivalents	$ 39,740,758	$ 60,363,385
Restricted investments	67,974,247	52,279,049
Receivables	17,496,962	14,097,414
Prepaid expenses	2,294,731	1,509,733
Total current assets	127,506,698	128,249,581
Prepaid bond insurance premiums, net	18,539,640	-
Restricted investments	72,450,394	51,156,921
Assets held for transfer	3,116,329	3,182,825
OPEB asset	271,917	556,666
Capital assets not being depreciated	438,148,732	438,148,732
Capital assets, net of accumulated depreciation	1,034,397,519	1,055,509,055
Total assets	1,694,431,229	1,676,803,780
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding	45,012,155	12,344,243
Pension and OPEB related items	1,611,550	837,109
Total assets and deferred outflows of resources	$ 1,741,054,934	$ 1,689,985,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 6,784,529	$ 8,018,917
Unearned revenue	4,425,838	2,402,881
Accrued interest payable, current portion	12,550,134	40,588,101
Revenue bonds payable, current portion	15,495,000	37,813,264
Other liabilities	628,447	533,837
Total current liabilities	39,883,948	89,357,000
Shortfall advances payable to Ports	13,115,138	12,646,463
Net pension liability	2,304,499	809,128
Accrued interest payable, net of current portion	621,655,133	636,833,348
Revenue bonds payable, net of current portion and unamortized discount	1,649,289,843	1,473,164,082
Total liabilities	2,326,248,561	2,212,810,021
DEFERRED INFLOWS OF RESOURCES	346,107	1,193,401
NET POSITION		
Net investments in capital assets	-	65,177,915
Restricted, expendable for		
Debt service	119,498,555	110,068,346
Master Trust Indenture	79,612,842	41,508,731
Unrestricted (deficit)	(784,651,131)	(740,773,282)
Total net position	(585,539,734)	(524,018,290)
Total liabilities, deferred inflows of resources, and net position	$ 1,741,054,934	$ 1,689,985,132

See accompanying notes.

Alameda Corridor Transportation Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Use fees and container charges	$ 99,691,045	$ 97,311,981
Maintenance-of-way charges	9,835,210	8,220,228
Total operating revenues	109,526,255	105,532,209
OPERATING EXPENSES		
Salaries and benefits	2,835,958	1,701,986
Administrative expenses	1,828,304	1,823,253
Professional services	946,435	909,962
Maintenance-of-way	15,194,895	12,934,581
Depreciation	21,111,536	21,122,173
Total operating expenses	41,917,128	38,491,955
Operating income	67,609,127	67,040,254
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue (loss), net	4,408,578	(1,223,813)
Grant revenue	973,149	1,942,312
Miscellaneous revenue	1,942,277	897,022
Interest expense	(123,420,121)	(108,001,227)
Cost of issuance	(10,393,666)	-
Loss on transfers of assets held for transfer	(66,496)	(10,164,800)
Expenses for public benefit	(2,574,292)	(2,756,180)
Total nonoperating expenses, net	(129,130,571)	(119,306,686)
Changes in net position	(61,521,444)	(52,266,432)
NET POSITION, beginning of the year	(524,018,290)	(471,751,858)
NET POSITION, end of year	$ (585,539,734)	$ (524,018,290)

See accompanying notes.

Alameda Corridor Transportation Authority
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers for services	$ 106,877,831	$ 104,778,558
Payment to suppliers for goods and services	(19,989,020)	(16,084,580)
Payments to employees	(2,582,963)	(2,293,247)
Net cash provided by operating activities	84,305,848	86,400,731
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant receipts	2,114,321	3,358,310
Payments for expenses for public benefit	(2,574,292)	(2,756,180)
Receipts for miscellaneous income	1,942,277	897,022
Net cash provided by noncapital financing activities	1,482,306	1,499,152
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds received on bonds payable	730,938,259	-
Proceeds received from advances from the Ports	468,675	-
Payments for debt issuance costs and prepaid insurance premiums	(28,933,306)	-
Principal paid on bonds payable	(547,383,166)	(31,745,591)
Interest payments on debt	(229,051,811)	(84,717,305)
Net cash used in capital and related financing activities	(73,961,349)	(116,462,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(529,017,264)	(520,215,005)
Sales of investments	491,544,584	553,669,676
Interest received	5,023,248	3,136,492
Net cash (used in) provided by investing activities	(32,449,432)	36,591,163
NET (DECREASE) INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(20,622,627)	8,028,150
RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	60,363,385	52,335,235
RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 39,740,758	$ 60,363,385

See accompanying notes.

Alameda Corridor Transportation Authority
Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 67,609,127	$ 67,040,254
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	21,111,536	21,122,173
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables	(2,648,424)	(753,651)
Prepaid expenses	(784,998)	(179,508)
OPEB asset	284,749	(43,233)
Deferred outflows/inflows of resources	(1,621,735)	770,845
Accounts payable	(1,234,388)	(237,276)
Net pension liability	1,495,371	(1,392,907)
Other liabilities	94,610	74,034
Net cash provided by operating activities	$ 84,305,848	$ 86,400,731
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Losses on transfers of assets held for transfer	$ 66,496	$ 10,164,800

See accompanying notes.

Note 1 – Organization and Summary of Significant Accounting Policies

Reporting entity – The Alameda Corridor Transportation Authority (the "Authority" or "Corridor") was established in August 1989 through a Joint Exercise of Powers Agreement ("JPA") between the cities of Los Angeles and Long Beach, California. The purpose of the Authority is to acquire, construct, finance, and operate a consolidated transportation corridor, including an improved railroad expressway between the ports of Los Angeles and Long Beach (the "Ports") and downtown Los Angeles (the route between the two locations has become known as the "Alameda Corridor").

The Authority's independent Governing Board has seven members, comprising two members each from the Ports, one member each from the cities of Los Angeles and Long Beach, and one member representing the Los Angeles County Metropolitan Transportation Authority (LACMTA).

As of June 30, 2023, the members of the Authority's Governing Board were the following:

Chairperson – Mr. Joe Buscaino, Council member, City of Los Angeles from 7/1/2022 to 12/12/2022
Mr. Tim McOsker, Council member, City of Los Angeles from 12/13/2022 to 6/30/2023

Vice Chairperson – Ms. Suzie Price, Council member, City of Long Beach from 7/1/2022 to 12/13/2023
Ms. Suely Saro, Council member, City of Long Beach from 2/21/2023 to 6/30/2023

Member – Mr. Frank Colonna, Commissioner, Port of Long Beach
Member – Mr. Edward Renwick, Vice President, Port of Los Angeles
Member – Mr. Eugene Seroka, Executive Director, Port of Los Angeles
Member – Mr. Mario Cordero, Executive Director, Port of Long Beach
Member – Mr. Michael Cano, Executive Officer, Los Angeles County Metro

The Authority is empowered to explore alternative methods of financing, to develop existing property, and to coordinate other governmental efforts necessary for a consolidated transportation corridor, including the completion of the Alameda Corridor Project (the "Project"). The Authority may issue revenue bonds to carry out its obligations under the JPA. Such bonds will be payable from revenues generated from the Alameda Corridor, from one or more pledges of revenues from the Authority, the Board of Harbor Commissioners of Long Beach and Los Angeles, from pledges of revenues from other responsible agencies, or from any other legally available funds.

Program management agreement – In January 1996, the Authority's Governing Board entered into a Program Management Agreement ("Agreement") with the Alameda Corridor Engineering Team ("ACET"), a joint venture comprising Daniel, Mann, Johnson, and Mendenhall (now "AECOM"); Moffatt and Nichol Engineers; Jenkins, Gales, and Martinez, Inc.; and TELACU Construction Management, Inc., to provide the broad program management services necessary to assist the Authority in implementing the Alameda Corridor. The Agreement calls for ACET to provide the Authority with professional services related to management, engineering, construction support, procurement, coordination, and administration of the Alameda Corridor Project Construction Program. This Agreement was amended by the Governing Board and is now extended through June 30, 2024.

Use and operating agreement – In October 1998, the cities of Long Beach and Los Angeles, the Authority, Union Pacific Railroad Company ("UP"), and Burlington Northern Santa Fe Railway Company ("BNSF") entered into a use and operating agreement (the "Use and Operating Agreement" or "UOA"), which outlines the provisions for the construction, operation, and use of the Rail Corridor (as defined in the UOA). Specifically, it grants UP and BNSF the right to use the Rail Corridor constructed by the Authority for all Through Train (as defined in the UOA) movements upon substantial completion in exchange for paying maintenance, operating charges, container charges, and use fees to the Authority. Proceeds of the container charges and use fees will be used to repay the revenue bonds. The Use and Operating Agreement was amended in 2006 to resolve a dispute involving application of the container charge and use fee provisions of the Agreement to transloaded cargo. On December 15, 2016, an Amended and Restated Alameda Corridor Use and Operating Agreement was executed by and among the Ports, the railroads, and the Authority, which, among other things, incorporates the amendments set forth in the First Amendment dated as of July 5, 2006; replaces the Operating Committee with direct decision-making authority by the Ports and railroads for the management of Alameda Corridor maintenance and operations; and removes construction-related provisions and updates certain other provisions to reflect current conditions and practices. Dissolving the Operating Committee and modifying the decision-making process did not have any impact on the day-to-day operation of the Alameda Corridor or the collection of the Authority's revenues. The UOA requirements are to be in effect until the earlier of April 15, 2062, or repayment of all obligations under the UOA.

Master trust indenture – In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, 2013A, 2016, and 2022 ("Bonds"), the Authority entered into a Master Trust Indenture (MTI) with U.S. Bank, the bond trustee ("Trustee"), pursuant to which the Authority assigned all of its rights, title, and interest in and to the Project, including the receipt of certain use fees and container charges and other revenues known as the "Authority Revenues" to the Trustee as security for the repayment of the Bonds. Pursuant to the terms of the MTI, the Trustee is required to establish certain funds and accounts and to apply the Authority's revenues for the purposes specifically set forth therein, which include the payment of most operating expenses and debt service payments. The MTI establishes debt service funds, debt service reserve funds, construction funds, maintenance and capital reserve funds, and certain other restrictive funds. The MTI also establishes a priority of payments, which restricts the manner, timing, and sequence of transfers into and out of such funds and accounts, and among such funds and accounts. The MTI requires that the Authority comply with certain operational and financial covenants, restricts the types of investments the Trustee and Authority may make, and requires regular financial reporting and disclosure. The Authority's net position restricted by the MTI included in the accompanying statements of net position of $79,612,842 and $41,508,731 as of June 30, 2023 and 2022, respectively, represents the accumulation of the Authority's revenues in excess of operating expenses and debt payments that can only be used for the aforementioned purposes noted in the MTI.

Basis of presentation – The basic financial statements of the Authority have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units and the State Controller's Minimum Audit Requirements and Reporting Guidelines.

The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments within the United States of America. In accordance with GAAP, the Authority's operations are accounted for as a business-type activity. In this regard, the Authority follows the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recorded when they are incurred, irrespective of when paid.

Restricted cash and cash equivalents – The Authority has defined, for purposes of the preparation of its statements of cash flows, that cash and cash equivalents include deposits, money market accounts, and investments with an original maturity date of three months or less, including investments in the State of California Local Agency Investment Fund ("LAIF"). The Authority participates in the State of California's LAIF, a non-Securities and Exchange Commission registered investment pool open to all government units in the State of California, and is able to withdraw amounts from LAIF on demand without penalty.

Receivables – Grant contracts receivable consist of unsecured reimbursements due from funding sources for services performed prior to year-end. Use fees and other receivables are carried at invoiced amounts. The Authority has not experienced losses from past uncollected receivables; therefore, it has not recognized an allowance for uncollectable amounts at June 30, 2023 and 2022.

Investments – Investments are stated at fair value. The value of each investment security has been determined based on the published closing price of the security as of June 30, 2023 and 2022, or quoted prices of securities with similar characteristics, discounted cash flows, and other observable inputs. The net changes in fair value of investments, consisting of realized gains or losses and the unrealized appreciation/depreciation on those investments, have been included in interest and investment revenue as shown in the accompanying statements of revenues, expenses, and changes in net position.

The Authority's investment practices are governed by the MTI investment policy. The investment policy was amended by the Authority's Governing Board in April 2018, segregating non-bond funds that are controlled by the Board from bond funds that are controlled by the MTI investment policy. The types of investment authorized by the policies are described further in Note 2.

Assets held for transfer – Remaining right-of-way parcels or easements that require a transfer are valued based upon the known costs paid at the time the parcel was originally acquired. These assets are not held for investment purposes. The carrying value of these assets is further described in Note 4.

Capital assets – Capital assets purchased or constructed, including capitalized interest accrued during construction, are carried at cost. Donated assets are valued at the estimated fair value on the date received. Depreciation is provided over the estimated useful life of each asset and computed on a straight-line basis beginning with the fiscal year after the asset is placed in service. Trench structures, tracks and signals, rail bridge structures, and highway bridge structures include both depreciable and non-depreciable components. Costs associated with construction and building of the structures, track, and signal systems of the Corridor are depreciable. Non-depreciable components include the demolition, excavation, backfill, embankment fill, removal of contaminated soil, construction delay costs, and utility relocations.

Estimated useful lives of classes of capital assets are as follows:

Tenant improvements	3 years
Automotive vehicles	5 years
Office equipment	3–5 years
Buildings	30 years
Revenue assessment and verification system and other software	5 years
Tracks and signal systems	40 years
Highway bridge structures	100 years
Trench structures	100 years
Rail bridge structures	100 years

Infrastructure and equipment acquired with state and local grants are also included in capital assets. Depreciation on these assets is recorded as an operating expense.

Restricted assets and net position – Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants. The revenue bonds' accrued interest, debt service reserve, and revenue fund accounts have been classified as restricted assets, because these accounts are first restricted to the payment of interest and principal on the outstanding revenue bonds. These amounts, offset by any related outstanding debt, are reported as net position restricted for debt service. After payment of debt service, remaining revenues, if any, are restricted to the payment of the Authority's other costs and legal obligations (including repayment of Port Shortfall Advances) as defined by the Authority's Use and Operating Agreement. The Reserve Account has also been classified as restricted assets, because the amount in this account is restricted for specific purposes under the Use and Operating Agreement and the revenue bond covenants. These amounts, offset by any related outstanding liabilities, are reported as net position restricted by the MTI.

Remaining long-term debt proceeds that have been set aside for capital projects are also reported as restricted assets. The monies restricted for capital projects have been fully expended. When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first and then unrestricted resources as they are needed.

The Authority's net position as of June 30, 2023, is a deficit of $585.5 million because total liabilities and deferred inflows of resources were greater than total assets and deferred outflows of resources due to accumulating accreted interest on revenue bonds payable. The Authority's interest cash payments are lower than recorded interest expense because the bonds are capital appreciation bonds (CABs), which compound interest until final maturity. As a result, the Authority is able to maintain a liquid financial position. Management believes that it will be able to sustain its liquidity based on the terms of the bonds payable and through shortfall advances from the Ports, if necessary, as discussed further in Note 6.

Compensated absences – All Authority employees accumulate time off for vacation and sick leave each pay period. While sick leave hours are accrued at a uniform rate among all employees, vacation accrual is based on length of service. Vacation hours are payable to employees when used at the individual employee's current rate of pay. Any unused vacation remaining at the time of termination is also payable to the employee at his/her then rate of pay. All vacation hours that have been earned but not paid as of June 30, 2023 and 2022, have been accrued in the accompanying statements of net position in other liabilities. Sick hours are paid to employees when used. The Authority's sick leave policy also provides that employees will be paid 50% of the remaining value of their sick leave hours upon termination. Consequently, 50% of all unused sick hours for all employees totaling $272,375 and $230,774 as of June 30, 2023 and 2022, respectively, have also been accrued in other liabilities of the accompanying statements of net position.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency of California Public Employees' Retirement System ("CalPERS") plans ("Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension information is further described in Note 7.

Post-Employment Benefits Other Than Pensions ("OPEB") – For purposes of measuring the total OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to and deductions from the OPEB's plan fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB information is further described in Note 8.

Operating revenues and expenses – Operating revenues and expenses generally result from the operation of the Rail Corridor. The principal operating revenues of the Authority are fees assessed to the railroads for use and maintenance of the Rail Corridor. These fees are recognized in the period earned. Operating expenses include revenue collection and other administrative expenses, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates – The preparation of basic financial statements in conformity with GAAP requires that management make estimates and assumptions that may affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for SBITAs and (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The Authority adopted the provisions of this Statement retroactively during the fiscal year ended June 30, 2023; however, the adoption of this Statement did not have a material impact on the Authority's financial statements.

Note 2 – Restricted Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2023 and 2022, are classified in the accompanying basic financial statements as follows:

	2023	2022
Current restricted cash and cash equivalents	$ 39,740,758	$ 60,363,385
Current restricted investments	67,974,247	52,279,049
Noncurrent restricted investments	72,450,394	51,156,921
Total restricted cash, cash equivalents, and investments	$ 180,165,399	$ 163,799,355

Deposits – At June 30, 2023 and 2022, the net carrying amount of the Authority's deposit account with Bank of America was $490,867 and $492,809, respectively, while the corresponding bank balance was $503,204 and $616,867, respectively. Outstanding checks account for the respective differences between the carrying amounts and bank balances. Of the aforementioned bank balance, $250,000 is covered by the Federal Deposit Insurance Corporation, with the excess being secured with collateral of securities held by the pledging financial institution's trust or agent in the Authority's name.

The California Government Code Section 53601 requires California banks and savings and loan associations to secure a public agency's deposits not covered by federal depository insurance by pledging government securities as collateral. The carrying amount of pledged securities must equal at least 110% of the agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits. The collateral must be held at the pledging bank's trust department or other bank acting as the pledging bank's agent in the Authority's name.

Investments – The Authority's investments are invested pursuant to the investment policy guidelines included in the MTI for bond funds and adopted by the Governing Board of the Authority for non-bond funds. The objectives of the policies are, in order of priority, preservation of capital, liquidity, and yield. The policies address the types of investment instruments and the percentage of the portfolio in which the Authority may invest its funds as permitted by the California Government Code. Generally, investments shall be made in the context of the "prudent investor" rule.

Investment in State of California Local Agency Investment Pool – The Authority is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The carrying value of the Authority's investment in this pool is reported in the accompanying statements of net position as restricted cash equivalents at amounts based upon the Authority's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. Amounts up to $10 million can be withdrawn on demand. At June 30, 2023 and 2022, the balance of such deposits is $9,394,906 and $9,728,226, respectively.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and medium-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted-average maturity of its portfolio. The Authority has no specific limitations with respect to this metric.

Under provision of the Authority's MTI investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, notes, or bonds	5 years	None	None
State warrants or bonds	5 years	None	None
U.S. local agency bonds, notes, or warrants	5 years	None	None
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	2 years	30%	None
Medium-term maturity corporate notes	3 years	30%	8%
Money market funds	None	20%	10%
State of California LAIF	N/A	None	None
L.A. County Treasurer Investment Pool	N/A	None	None
Mortgage- or asset-backed securities	5 years	20%	None
Repurchase agreements	90 days	50%	None
Guaranteed Investment Contracts and Investment Agreements	5 years	50%	20%
Bankers' acceptances	270 days	40%	10%
Federal agency obligations	5 years	None	None

In April 2018, the Governing Board adopted a modified Investment Policy for investments not controlled by MTI. Such investments represent approximately 8.0% and 8.9% of the Authority's investments as of June 30, 2023 and 2022, respectively.

Under the provisions of the Authority's non-MTI-related Investment Policy, and in accordance with Section 53601 of the California Government Code, the Authority's non-MTI-related funds may be invested in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, notes, or bonds	5 years	None	None
Federal agency obligations	5 years	None	None
U.S. local agency bonds, notes, or warrants	5 years	None	None
State warrants or bonds	5 years	None	None
Authority bonds	N/A	None	N/A
Commercial paper	180 days	30%	10%
Negotiable certificates of deposit	2 years	30%	None
Medium-term maturity corporate notes	3 years	30%	8%
Money market funds	None	20%	10%
State of California LAIF	N/A	None	None
L.A. County Treasurer Investment Pool	N/A	None	None
Mortgage- or asset-backed securities	5 years	20%	None
Repurchase agreements	90 days	50%	None
Guaranteed investment contracts and investment agreements	5 years	50%	20%
Bankers' acceptances	270 days	40%	10%

The following schedules indicate the combined distribution of the Authority's investments as of June 30:

	2023		2022	
	Reported Amount	Weighted-Average Maturity (in Years)	Reported Amount	Weighted-Average Maturity (in Years)
Cash and investment type				
Cash	$ 9,413,714	-	$ 493,310	-
Money market fund	12,855,754	-	31,187,099	-
LAIF	9,394,906	-	9,728,226	-
U.S. Treasury notes	105,642,226	1.34	48,968,810	1.67
U.S. corporate notes	11,823,351	1.80	8,278,760	0.97
Federal agency obligations	31,035,448	1.09	65,143,150	1.04
	$ 180,165,399		$ 163,799,355	

Disclosure relating to credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the distribution of investment amounts by type of investment and rating category as of June 30, 2023 and 2022.

	Ratings as of June 30, 2023								
	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Investment type									
Cash and money market	$ 12,855,754	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,413,714	$ 22,269,468
LAIF	-	-	-	-	-	-	-	9,394,906	9,394,906
U.S. Treasury notes	61,915,359	-	-	-	-	43,726,867	-	-	105,642,226
U.S. corporate notes	1,128,629	1,335,614	4,006,608	2,636,230	2,716,270	-	-	-	11,823,351
Federal agency obligations	24,750,833	-	-	-	-	6,284,615	-	-	31,035,448
Total	$ 100,650,575	$ 1,335,614	$ 4,006,608	$ 2,636,230	$ 2,716,270	$ 50,011,482	$ -	$ 18,808,620	$ 180,165,399

	Ratings as of June 30, 2022								
	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Investment type									
Cash and money market	$ 31,187,099	$ -	$ -	$ -	$ -	$ -	$ -	$ 493,310	$ 31,680,409
LAIF	-	-	-	-	-	-	-	9,728,226	9,728,226
U.S. Treasury notes	35,241,540	-	-	-	-	13,727,270	-	-	48,968,810
U.S. corporate notes	529,881	1,742,052	2,457,926	2,747,728	801,173	-	-	-	8,278,760
Federal agency obligations	38,080,583	-	-	-	-	27,062,567	-	-	65,143,150
Total	$ 105,039,103	$ 1,742,052	$ 2,457,926	$ 2,747,728	$ 801,173	$ 40,789,837	$ -	$ 10,221,536	$ 163,799,355

Market volatility risk – Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Concentration of credit risk – The Authority's investment policies contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Authority's investments are as follows:

	2023	2022
Federal Home Loan Bank – federal agency obligations	$ 9,327,475	$ 11,740,916
Federal National Mortgage Association – federal agency obligations	14,048,429	30,095,876
Federal Home Loan Mortgage Corporation – federal agency obligations	8,930,987	16,691,891
Fidelity Institutional	11,793,335	30,894,994

Investment valuation – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Authority's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2023 and 2022.

U.S. government securities, mortgage-backed securities, and other debt and equity securities – Valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows, and other observable inputs. Such securities are classified within Level 2 of the valuation hierarchy.

Fair values of investments have been determined by the Authority from observable market quotations, as reflected below. The following tables present the Authority's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2023 and 2022.

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Investments				
Federal agencies and municipalities				
U.S. Treasury notes	$ 105,642,226	$ -	$ 105,642,226	$ -
U.S. corporate notes	11,823,351	-	11,823,351	-
Federal agency obligations	31,035,448	-	31,035,448	-
	$ 148,501,025	$ -	$ 148,501,025	$ -
Cash and equivalents not measured at fair value				
Cash	9,413,714			
LAIF	9,394,906			
Money market accounts	12,855,754			
	$ 180,165,399			

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments				
Federal agencies and municipalities				
U.S. Treasury notes	$ 48,968,810	$ -	$ 48,968,810	$ -
U.S. corporate notes	8,278,760	-	8,278,760	-
Federal agency obligations	65,143,150	-	65,143,150	-
	$ 122,390,720	$ -	$ 122,390,720	$ -
Cash and equivalents not measured at fair value				
Cash	493,310			
LAIF	9,728,226			
Money market accounts	31,187,099			
	$ 163,799,355			

Note 3 – Receivables

Receivables consist of grants, use fees, and other amounts due from private entities. The following provides a summary of the amounts of accounts and other receivables as of June 30:

	2023	2022
Grants receivable	$ 984,952	$ 103,167
Accrued receivable	2,290,898	1,825,820
Interest receivable	950,835	1,081,496
Use fees and other receivables	13,270,277	11,086,931
Total	$ 17,496,962	$ 14,097,414

Note 4 – Assets Held for Transfer

Assets held for transfer represent right-of-way land and land improvements that were acquired by the Authority. Hundreds of parcels and easement rights were acquired in order to complete the construction of the Alameda Corridor. The Authority, under the terms of the Joint Powers Agreement, is not permitted to own any land or land easement rights. The Ports own the land that the trench was built on and the Authority has the right to use and occupy the property under the terms of a Use Permit that was executed between the Ports and the Authority on October 12, 1998. Title to all land and easement rights necessary to operate the Alameda Corridor is in the process of being deeded to the Ports, as tenants in common. There was $10.2 million in transfers that took place during 2022 and approximately $66,500 during 2023.

	Balance, June 30, 2022	Additions	Sales/Transfers	Balance, June 30, 2023
Assets held for transfer	$ 3,182,825	$ -	$ (66,496)	$ 3,116,329

	Balance, June 30, 2021	Additions	Sales/Transfers	Balance, June 30, 2022
Assets held for transfer	$ 13,347,625	$ -	$ (10,164,800)	$ 3,182,825

Note 5 – Capital Assets

The following schedule summarizes capital assets for the years ended June 30, 2023 and 2022:

	Balance, June 30, 2022	Additions	Deletions	Balance, June 30, 2023
Buildings and equipment				
Office equipment	$ 288,302	$ -	$ -	$ 288,302
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	7,538,810	-	-	7,538,810
Total buildings and equipment	8,929,706	-	-	8,929,706
Alameda Corridor Project Infrastructure				
Capital assets, being depreciated				
Trench structures	715,581,463	-	-	715,581,463
Track and signals	196,509,123	-	-	196,509,123
Rail bridge structures	408,972,328	-	-	408,972,328
Highway bridge structures	147,175,088	-	-	147,175,088
Capital assets, not being depreciated				
Trench structures	224,167,723	-	-	224,167,723
Track and signals	66,493,773	-	-	66,493,773
Rail bridge structures	101,783,053	-	-	101,783,053
Highway bridge structures	45,704,183	-	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,386,734	-	-	1,906,386,734
Total capital assets	1,915,316,440	-	-	1,915,316,440
Less accumulated depreciation for				
Trench structures	(208,402,854)	(10,430,222)	-	(218,833,076)
Track and signals	(61,901,824)	(3,309,086)	-	(65,210,910)
Rail bridge structures	(105,297,112)	(5,292,827)	-	(110,589,939)
Highway bridge structures	(37,842,443)	(1,948,030)	-	(39,790,473)
Office equipment	(288,302)	-	-	(288,302)
Buildings	(735,063)	(36,753)	-	(771,816)
Revenue assessment and verification system and other software	(7,191,055)	(94,618)	-	(7,285,673)
Total accumulated depreciation	(421,658,653)	(21,111,536)	-	(442,770,189)
Capital assets, net	$ 1,493,657,787	$ (21,111,536)	$ -	$ 1,472,546,251

The following schedule summarizes capital assets for the years ended June 30, 2022 and 2021:

	Balance, June 30, 2021	Additions	Deletions	Balance, June 30, 2022
Buildings and equipment				
Office equipment	$ 288,302	$ -	$ -	$ 288,302
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	7,538,810	-	-	7,538,810
Total buildings and equipment	8,929,706	-	-	8,929,706
Alameda Corridor Project Infrastructure				
Capital assets, being depreciated				
Trench structures	715,581,463	-	-	715,581,463
Track and signals	196,509,123	-	-	196,509,123
Rail bridge structures	408,972,328	-	-	408,972,328
Highway bridge structures	147,175,088	-	-	147,175,088
Capital assets, not being depreciated				
Trench structures	224,167,723	-	-	224,167,723
Track and signals	66,493,773	-	-	66,493,773
Rail bridge structures	101,783,053	-	-	101,783,053
Highway bridge structures	45,704,183	-	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,386,734	-	-	1,906,386,734
Total capital assets	1,915,316,440	-	-	1,915,316,440
Less accumulated depreciation for				
Trench structures	(197,972,632)	(10,430,222)	-	(208,402,854)
Track and signals	(58,592,739)	(3,309,085)	-	(61,901,824)
Rail bridge structures	(100,004,285)	(5,292,827)	-	(105,297,112)
Highway bridge structures	(35,894,413)	(1,948,030)	-	(37,842,443)
Office equipment	(287,545)	(757)	-	(288,302)
Buildings	(695,246)	(39,817)	-	(735,063)
Revenue assessment and verification system and other software	(7,089,620)	(101,435)	-	(7,191,055)
Total accumulated depreciation	(400,536,480)	(21,122,173)	-	(421,658,653)
Capital assets, net	$ 1,514,779,960	$ (21,122,173)	$ -	$ 1,493,657,787

Note 6 – Bonds Payable

The 1999A Series Senior Lien Tax-Exempt Bonds (“1999A Bonds”), the 1999C Senior Lien Taxable Bonds (“1999C Bonds”), the 2004A Series Subordinate Lien Tax-Exempt Bonds (“2004A Bonds”), the 2004B Subordinate Lien Taxable Bonds (“2004B Bonds”), the 2012 Series Taxable Senior Lien Bonds (“2012 Bonds”), the 2013A Series Tax-Exempt Senior Lien Bonds (“2013A Bonds”), the 2016A Series Subordinate Lien Tax-Exempt Bonds (“2016A Bonds”), the 2016B Series Second subordinate Lien Tax-Exempt Bonds (“2016B Bonds”), the 2022A Tax-Exempt Senior Lien Bonds (“2022A Bonds”), the 2022B Taxable Senior Lien Bonds (“2022B Bonds”), and the 2022C Tax-Exempt Second Subordinate Lien Bonds (“2022C Bonds”) are payable solely from and secured by a pledge of, among other revenues, use fees and container charges to be paid by the UP and BNSF for use of the Project and from shortfall advances to be paid under certain circumstances by the City of Long Beach, acting by and through its Board of Harbor Commissioners, and the City of Los Angeles, acting by and through its Board of Harbor Commissioners.

As of June 30, 2023 and 2022, the unamortized premium balance on the 1999A and 1999C, 2004A and 2004B, 2016A and 2016B, and 2022C Bonds was $40,405,634 and $70,153,230, respectively.

Long-term liability activity for the years ended June 30, 2023 and 2022, was as follows:

	Balance, June 30, 2022	Additions	Defeased	Payments and Amortization	Balance, June 30, 2023	Due Within One Year
Revenue bonds payable						
1999A Bonds	$ 50,453,617	$ -	$ (11,666,272)	$ -	$ 38,787,345	$ -
1999C Bonds	352,718,669	-	(132,666,894)	-	220,051,775	-
2004A Bonds	36,349,420	-	-	-	36,349,420	-
2004B Bonds	131,132,410	-	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	-	83,710,000	10,550,000
2013A Bonds	201,005,000	-	(201,005,000)	-	-	-
2016A Bonds	28,595,000	-	-	(10,830,000)	17,765,000	4,945,000
2016B Bonds	556,860,000	-	(191,215,000)	-	365,645,000	-
2022A Bonds	-	169,046,510	-	-	169,046,510	-
2022B Bonds	-	349,694,763	-	-	349,694,763	-
2022C Bonds	-	212,196,986	-	-	212,196,986	-
Total revenue bonds payable	1,440,824,116	730,938,259	(536,553,166)	(10,830,000)	1,624,379,209	15,495,000
Less unamortized bond premium	70,153,230	5,810,310	(32,242,658)	(3,315,248)	40,405,634	-
Accrued interest payable	677,421,450	151,829,412	(149,683,448)	(45,362,147)	634,205,267	12,550,134
Net revenue bonds payable	$ 2,188,398,796	$ 888,577,981	$ (718,479,272)	$ (59,507,395)	$ 2,298,990,110	$ 28,045,134

	Balance, June 30, 2021	Additions	Defeased	Payments and Amortization	Balance, June 30, 2022	Due Within One Year
Revenue bonds payable						
1999A Bonds	$ 50,453,617	$ -	$ -	$ -	50,453,617	$ -
1999C Bonds	360,069,260	-	-	(7,350,591)	352,718,669	6,993,264
2004A Bonds	36,349,420	-	-	-	36,349,420	-
2004B Bonds	131,132,410	-	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	-	83,710,000	-
2013A Bonds	219,715,000	-	-	(18,710,000)	201,005,000	19,990,000
2016A Bonds	34,280,000	-	-	(5,685,000)	28,595,000	10,830,000
2016B Bonds	556,860,000	-	-	-	556,860,000	-
Total revenue bonds payable	1,472,569,707	-	-	(31,745,591)	1,440,824,116	37,813,264
Less unamortized bond premium	78,219,160	-	-	(8,065,930)	70,153,230	-
Accrued interest payable	647,583,068	114,555,684	-	(84,717,303)	677,421,449	40,588,101
Net revenue bonds payable	$ 2,198,371,935	$ 114,555,684	$ -	$ (124,528,824)	$ 2,188,398,795	$ 78,401,365

1999 Series A Capital Appreciation Bonds – The 1999A CABs were issued by the Authority in the aggregate amount of $50,453,617 on February 2, 1999. Proceeds from the sale of these insured 1999A CABs were used to finance a portion of the cost of design and construction of the Project.

The first maturity of the bonds will commence on October 1, 2030. The 1999A CABs, which mature between October 1, 2030 and October 1, 2037, have an accretion yield to maturity at rates ranging from 5.25% to 5.27%. The principal and accrued interest balance outstanding on the 1999A CABs at June 30, 2023 and 2022, are $38,787,345 and $99,731,121, and $50,453,617 and $120,512,441, respectively.

On July 14, 2022, a portion of the 1999A CABs were tendered by a portion of the proceeds of the Series 2022A Bonds.

The 1999A CABs are not subject to optional redemption. The remaining debt service of the 1999A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	13,831,178	61,318,822	75,150,000
2034–2038	24,956,167	144,808,833	169,765,000
Total	$ 38,787,345	$ 206,127,655	$ 244,915,000

1999 C Bonds – The 1999C Bonds include both current interest bonds (CIBs) and CABs.

1999 Series C Current Interest Bonds – The 1999C CIBs were issued by the Authority in the aggregate amount of $430,155,000 on January 1, 1999. Proceeds from the sale of these insured 1999C CIBs were used to finance a portion of the cost of the design and construction of the Project.

Interest on the 1999C CIBs is payable semiannually on April 1 and October 1 of each year commencing April 1, 1999, with principal payments commencing October 1, 2014. The 1999C CIBs Series, which mature annually each October 1 from 2015 through 2029, bear interest at rates ranging from 6.50% to 6.60%. The principal balance outstanding on the 1999C CIBs is $191,060,000 and $300,480,000 at June 30, 2023 and 2022, respectively.

On July 14, 2022, a portion of 1999C CIBs were tendered by a portion of the proceeds of the Series 2022B Bonds.

The 1999C CIBs are not subject to optional redemption. The remaining debt service of the Authority's 1999C CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 12,609,960	$ 12,609,960
2025	-	12,609,960	12,609,960
2026	-	12,609,960	12,609,960
2027	42,500,000	11,207,460	53,707,460
2028	45,855,000	8,291,745	54,146,745
2029–2033	102,705,000	6,904,755	109,609,755
Total	$ 191,060,000	$ 64,233,840	$ 255,293,840

1999C CABs – The 1999C CABs were issued by the Authority in the aggregate amount of $67,298,396 on February 9, 1999. Proceeds from the sale of these insured 1999C CABs were used to finance a portion of the cost of the design and construction of the Project.

The first maturity of the bonds were set to commence between October 1, 2020 and October 1, 2037, have an accretion yield to maturity at rates ranging from 6.69% to 6.83%. The principal balance and accrued interest outstanding on the 1999C CABs at June 30, 2023 and 2022, are $28,991,775 and $121,482,369, and $52,238,669 and $199,886,631, respectively.

The 1999C CABs are not subject to optional redemption. On July 14, 2022 a portion of 1999C CABs were tendered by a portion of the proceeds of the Series 2022B Bonds. As a result, the Authority's remaining debt service on the 2004A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	7,099,365	56,545,635	63,645,000
2034–2038	21,892,410	232,257,590	254,150,000
Total	$ 28,991,775	$ 288,803,225	$ 317,795,000

2004A Bonds – The 2004A Bonds include both Capital Appreciation Bond – Non Convertible (CABs) and Capital Appreciation Bonds – Convertible ("CCIBs").

2004 Series A Capital Appreciation Bonds – Non Convertible – The 2004A Bonds were initially all CABs. Of the total, $475,292,386 and $274,992,286 were convertible and converted to current interest bonds on October 1, 2012, and were callable on October 1, 2017 (CCIBs). $200,300,100 are not convertible or callable (CABs). The 2004 Bonds were issued by the Authority in the aggregate amount of $475,292,386 on April 22, 2004. Proceeds from the sale of these insured 2004A Bonds were used to refund a portion of the U.S. Department of Transportation Loan. The 2004A CABs were set to mature between fiscal years 2012 and 2031 and have an accretion yield to maturity at rates ranging from 4.30% to 5.72%.

On May 24, 2016, all of the 2004A CABs maturing during fiscal year 2017 and a portion of the 2004A CABs maturing during fiscal years 2018 through 2021 were advance refunded, defeased, and escrowed to maturity. As a result, the Authority's remaining debt service on the 2004A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	36,349,420	121,330,580	157,680,000
Total	$ 36,349,420	$ 121,330,580	$ 157,680,000

The principal and accrued interest balances outstanding on the 2004A CABs at June 30, 2023 and 2022, are $36,349,420 and $75,129,450, and $36,349,420 and $65,289,213, respectively.

2004B Bonds – The 2004B Bonds are capital appreciation bonds that were issued by the Authority in the aggregate amount of $210,731,703 on April 22, 2004. Proceeds from the sale of these insured 2004B Bonds were used to repay a portion of the U.S. Department of Transportation Loan.

The first maturity of the 2004B Bonds commenced October 1, 2006. The 2004B Bonds mature between October 1, 2006 and October 1, 2033, and have an accretion yield to maturity at rates ranging from 3.05% to 6.33%. The 2004B Bonds are not subject to optional redemption. The principal balance and accrued interest outstanding on the 2004B Bonds are $131,132,410 and $303,315,765, and $131,132,410 and $277,015,141, at June 30, 2023 and 2022, respectively.

The Authority's remaining debt service on the 2004B Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	25,085,190	75,589,810	100,675,000
2028	23,522,714	77,152,286	100,675,000
2029–2033	66,413,487	279,256,513	345,670,000
2034–2038	16,111,019	84,563,981	100,675,000
Total	$ 131,132,410	$ 516,562,590	$ 647,695,000

2012 Bonds – In June 2012, the Authority issued $83,710,000 in senior lien bonds through a Railroad Rehabilitation & Improvement Financing (“RRIF”). The 2012 Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing October 1, 2012, with principal payments commencing October 1, 2023 through 2035, all at an interest rate of 2.46%. The principal balance on the 2012 Bonds is $83,710,000 on June 30, 2022 and June 30, 2021. The 2012 Bonds are redeemable at par at the option of the Authority at any time, in whole or in part, from any available moneys that may be provided for such purpose.

The terms of the 2012 Bond transaction required the Authority to establish a dedicated debt service reserve fund (“DSRF”) in the amount of $7,200,000. The Authority entered into a surety agreement with the Ports to provide a surety for the DSRF until such time as the Authority was able, through scheduled periodic deposits of cash, to fund the DSRF. The Authority made the final cash deposit into the DSRF on October 1, 2019, and the Ports have been released by the trustee from the surety obligation. The Authority’s remaining debt service on the 2012 Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ 10,550,000	$ 1,932,322	$ 12,482,322
2025	9,995,000	1,674,669	11,669,669
2026	9,410,000	1,438,433	10,848,433
2027	8,805,000	1,214,368	10,019,368
2028	8,170,000	1,006,794	9,176,794
2029–2033	30,170,000	2,483,762	32,653,762
2034–2038	6,610,000	156,679	6,766,679
Total	$ 83,710,000	$ 9,907,027	$ 93,617,027

2013A Series Bonds – The 2013A Bonds were issued by the Authority in the aggregate amount of $248,325,000 on February 12, 2013. Proceeds from the sale of these 2013A Bonds were used on February 14, 2013, to call and refund all remaining 1999A CIBs.

On July 14, 2022, the remaining 2013A Bonds were fully tendered and refunded by portions of the proceeds of the 2022A and the 2022B Bonds. There was no outstanding balance as of June 30, 2023.

2016A and B Bonds – The 2016A and B Tax-Exempt CIBs were issued on May 24, 2016.

2016A Bonds – The 2016A Bonds were issued by the Authority in the aggregate amount of $34,280,000 on May 24, 2016. Proceeds from the sale of these first subordinate lien 2016A Bonds were used on May 24, 2016, to advance refund, defease, and escrow to maturity certain 2004A CABs.

The 2016A Bonds are CIBs. Interest is payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2016, with principal payments commencing October 1, 2021 through 2025, at interest rates ranging from 4.00% to 5.00%. The principal balances on the 2016A Bonds are $17,765,000 and $28,595,000 on June 30, 2023 and 2022, respectively. The 2016A Bonds are not subject to optional redemption prior to stated maturity dates. The Authority's remaining debt service on the 2016A Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ 4,945,000	$ 739,900	$ 5,684,900
2025	6,260,000	484,500	6,744,500
2026	6,560,000	164,000	6,724,000
Total	$ 17,765,000	$ 1,388,400	$ 19,153,400

2016B Bonds – The 2016B Bonds were issued by the Authority in the aggregate amount of $556,860,000 on May 24, 2016. Proceeds from the sale of these second subordinate lien 2016B Bonds were used on May 24, 2016, to advance refund, defease, and escrow to October 1, 2017, all 2004A CCIBs. The difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts) resulted in deferred charges on these refundings in the amount of $21,466,292. These deferred outflows are being amortized over the remaining life of the old debt, as a component of interest expense. Amortization of these charges amounted to $1,494,411 and $1,494,411 for the years ended June 30, 2023 and 2022, respectively. The remaining portion is included in deferred outflows of resources on the accompanying statements of net position, in the amount of $10,894,832 and $12,344,243 at June 30, 2023 and 2022, respectively.

The 2016B Bonds are CIBs. Interest is payable semiannually on April 1 and October 1 of each year commencing on October 1, 2016, with principal payments commencing on October 1, 2034 through 2037, at interest rates ranging from 3.125% to 5.00%. The principal balance on the 2016B Bonds is $365,645,000 and $556,860,000 on June 30, 2023 and 2022, respectively. The 2016B Bonds are redeemable at the option of the Authority on or after October 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 100% of the principal amount of the 2016B Bonds to be redeemed plus interest accrued to the date fixed for redemption.

On July 14, 2022 a portion of 2016B were tendered by the proceeds of the 2022C Bonds.

The Authority's remaining debt service on the 2016B Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 16,849,406	$ 16,849,406
2025	-	16,849,406	16,849,406
2026	-	16,849,406	16,849,406
2027	-	16,849,406	16,849,406
2028	-	16,849,406	16,849,406
2029–2033	-	84,247,031	84,247,031
2034–2038	365,645,000	52,377,272	418,022,272
Total	$ 365,645,000	$ 220,871,333	$ 586,516,333

2022A Bonds – The 2022A Bonds are convertible appreciation bonds that were issued by the Authority in the aggregate amount of $169,046,510 on July 14, 2022.

The Series 2022A Bonds were issued (i) to defease the Authority's Outstanding Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2013A that were set to mature on October 1, 2022; (ii) to pay the purchase price to all holders of the Authority's Outstanding Series 2013A Bonds (other than the Refunded 2013A Bonds who elected to tender such Series 2013A Bonds to the Authority); (iii) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Senior Lien Revenue Bonds, Series 1999A who elected to tender such Series 1999A Bonds to the Authority; (iv) to purchase a debt service surety insurance policy from Assured Guaranty Municipal Corp. ("AGM") for the Series 2022A Bonds; (v) to purchase a municipal bond insurance policy from AGM; and (vi) to pay costs of issuing the Series 2022A Bonds, including costs of the associated tender.

The first maturity of the 2022A Bonds commences on October 1, 2047. The 2022A Bonds mature between October 1, 2047 and October 1, 2051, and have an accretion yield to maturity at rates ranging from 5.2% to 5.4%. The principal balance and accrued interest outstanding on the 2022A are $169,046,510 and $ 8,832,993.

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	-	-	-
2034–2038	-	10,072,551	10,072,551
2039–2043	-	100,725,506	100,725,506
2034–2048	36,865,296	143,400,028	180,265,324
2049–2053	132,181,214	190,373,466	322,554,680
Total	$ 169,046,510	$ 444,571,551	$ 613,618,061

2022B Bonds – On July 14, 2022, the 2022B were issued by the Authority in $349,694,763 aggregate principal amount of Taxable Senior Lien Revenue Refunding Bonds, Series 2022B consisting of the following Series 2022B Bonds: $117,444,763 principal amount of Series 2022B Capital Appreciation Bonds and $232,250,000 principal amount of Series 2022B Current Interest Bonds.

The Series 2022B Bonds were being issued (i) to defease the Authority's Outstanding Taxable Senior Lien Revenue Bonds, Series 1999C that were set to mature on October 1, 2022, a portion of Series 1999C Bonds set to mature on October 1, 2029, to the October 1, 2025 sinking fund redemption date and a portion of the Series l999C Bonds set to mature on October 1, 2034, 2035, 2036, and 2037; (ii) to pay the purchase price to all holders of the Authority’s Outstanding Series 1999C Bonds who elected to tender such Series 1999C Bonds to the Authority; (iii) to defease the portion of the Series 2013A Bonds set to mature on October 1, 2023, 2024, 2025, and 2026 and bearing interest at a rate of 5.00%, October 1, 2026 and bearing interest at a rate of 3.000%, October 1, 2027 and bearing interest at a rate of 5.00%, October 1, 2027 and bearing interest at a rate of 3.00%, October 1, 2028 and bearing interest at a rate of 5.00%, October 1, 2028 and bearing interest at a rate of 3.125%, October 1, 2029 and bearing interest at a rate of 5.00%, and October 1, 2029 and bearing interest at a rate of 3.125% to the first optional redemption date (such Series 2013A Bonds together with the Refunded 2022 Maturity of the 2013A Bonds being collectively referred to as the "Refunded 2013A Bonds"); (iv) to purchase a debt service reserve surety policy from AGM for the Series 2022B Bonds; (v) to purchase a municipal bond insurance policy from AGM for the Series 2022B Bonds maturing on October 1, 2046; and (vi) to pay costs of issuing the Series 2022B Bonds, including costs of the associated tender.

The debt service of the Authority's 2022B CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 12,532,210	$ 12,532,210
2025	-	12,532,210	12,532,210
2026	-	12,532,210	12,532,210
2027	-	12,532,210	12,532,210
2028	-	12,532,210	12,532,210
2029–2033	-	62,661,050	62,661,050
2034–2038	-	62,661,050	62,661,050
2039–2043	-	62,661,050	62,661,050
2034–2048	232,250,000	26,979,460	259,229,460
Total	$ 232,250,000	$ 277,623,660	$ 509,873,660

The principal balance and accrued interest outstanding on the 2022B CABs are $117,444,763 and $7,511,870, respectively.

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	-	-	-
2034–2038	-	-	-
2039–2043	108,154,421	237,720,579	345,875,000
2034–2048	9,290,342	27,774,658	37,065,000
2049–2053	-	-	-
Total	$ 117,444,763	$ 265,495,237	$ 382,940,000

2022C Bonds – On July 14, 2022, the 2022C were issued by the Authority in $212,196,986 aggregate principal amount of Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2022C consisting of the following Series 2022C Bonds: $106,105,000 principal amount of Series 2022C Current Interest Bonds and $106,091,986 principal amount of Series 2022C Convertible Capital Appreciation Bonds.

The Series 2022C Bonds were being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B, who elected to tender such Series 2016B Bonds to the Authority; (ii) to purchase a debt service surety insurance policy from AGM for the Series 2022C Bonds; (iii) to purchase a municipal bond insurance policy from AGM for all of the Series 2022C Bonds and together with the Series 2022A Insured Bonds and the Series 2022B Insured Bonds; and (iv) to pay costs of issuing the Series 2022C Bonds, including costs of the associated tender.

The debt service of the Authority's 2022C CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 5,305,250	$ 5,305,250
2025	-	5,305,250	5,305,250
2026	-	5,305,250	5,305,250
2027	-	5,305,250	5,305,250
2028	-	5,305,250	5,305,250
2029–2033	-	26,526,250	26,526,250
2034–2038	-	26,526,250	26,526,250
2039–2043	-	26,526,250	26,526,250
2034–2048	-	26,526,250	26,526,250
2049–2053	106,105,000	18,683,375	124,788,375
Total	$ 106,105,000	$ 151,314,625	$ 257,419,625

The principal balance and accrued interest outstanding on the 2022C CABs are $106,091,986 and $5,651,565, respectively.

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	-	-	-
2034–2038	-	6,538,093	6,538,093
2039–2043	-	65,380,925	65,380,925
2034–2048	-	65,380,925	65,380,925
2049–2053	106,091,986	180,218,036	286,310,022
Total	$ 106,091,986	$ 317,517,979	$ 423,609,965

The difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts) resulted in deferred charges on these refundings in the amount of $38,687,219. These deferred outflows are being amortized over the remaining life of the old debt, as a component of interest expense. Amortization of these charges amounted to $4,524,896 for the year ended June 30, 2023. The remaining portion is included in deferred outflows of resources on the accompanying statements of net position, in the amount of $34,162,322 at June 30, 2023. There were no deferred outflows or amortization of these charges as of or for the year ended June 30, 2022. The overall economic loss on the refunding was $88,724,847.

Accrued interest payable – The Authority's accrued interest payable is as follows:

	June 30, 2023		
	CIB	Long-Term CABs	Total
1999A Bonds	$ -	$ 99,731,121	$ 99,731,121
1999C Bonds	3,152,490	121,482,369	124,634,859
2004A Bonds	-	75,129,450	75,129,450
2004B Bonds	-	303,315,765	303,315,765
2012 Bonds	516,227	-	516,227
2016A Bonds	209,700	-	209,700
2016B Bonds	4,212,352	-	4,212,352
2022A Bonds	-	8,832,993	8,832,993
2022B Bonds	3,133,053	7,511,870	10,644,923
2022C Bonds	1,326,312	5,651,565	6,977,877
Total	$ 12,550,134	$ 621,655,133	$ 634,205,267

	June 30, 2022		
	CIB	Long-Term CABs	Total
1999A Bonds	$ -	$ 120,512,441	$ 120,512,441
1999C Bonds	30,827,998	174,016,553	204,844,551
2004A Bonds	-	65,289,213	65,289,213
2004B Bonds	-	277,015,141	277,015,141
2012 Bonds	516,227	-	516,227
2013A Bonds	2,355,238	-	2,355,238
2016A Bonds	345,075	-	345,075
2016B Bonds	6,543,563	-	6,543,563
Total	$ 40,588,101	$ 636,833,348	$ 677,421,449

Combined outstanding bonds debt service – The Authority's debt service in aggregate is as follows at June 30, 2023:

	Annual Debt Service Requirement by Bond Issuance		
	Principal	Interest	Total
1999A Bonds	$ 38,787,345	$ 206,127,655	$ 244,915,000
1999C Bonds	220,051,775	353,037,065	573,088,840
2004A Bonds	36,349,420	121,330,580	157,680,000
2004B Bonds	131,132,410	516,562,590	647,695,000
2012 Bonds	83,710,000	9,907,027	93,617,027
2016A Bonds	17,765,000	1,388,400	19,153,400
2016B Bonds	365,645,000	220,871,333	586,516,333
2022A Bonds	169,046,510	444,571,551	613,618,061
2022B Bonds	349,694,763	543,118,897	892,813,660
2022C Bonds	212,196,986	468,832,604	681,029,590
Total	$ 1,624,379,209	$ 2,885,747,702	$ 4,510,126,911

Note 7 – Pension Plan

Plan description – All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan, a Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the "Plan" or "PERF C") that is administered by CalPERS. The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death, and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2021 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at https://www.calpers.ca.gov/page/forms-publications.

Benefits provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for members hired after 2012) with statutorily reduced benefits. All members are eligible for non-duty disability retirement benefits after five years of service. The death benefit is one of the following: the Post Retirement Basic Lump-Sum Death Benefit or the Pre-Retirement Optional Settlement 2W Death Benefit and, if applicable, the 1959 Survivor Benefit Level 3. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	Miscellaneous	
Hire date	Prior to January 1, 2013 (Classic Employees)	On or after January 1, 2013 (PEPRA Employees)
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.750%
Required employer contribution rates	10.870%	7.470%
Employer annual lump sum prepayment	$ 164,219	$ 125
Additional discretionary payment	$ 200,000	$ -

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The Authority reported net pension liability for its proportionate shares of the net pension liability of each Plan as follows as of June 30, 2023 and 2022:

	2023	2022
Net pension liability as reported by CalPERS	$ 2,304,499	$ 809,128

The Authority's net pension liability is measured as the proportionate share of the Plan's net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for each Plan as of June 30, 2023 and 2022, was as follows:

	Increase				
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)	Adjustment Report to Value	Adjusted Value
Balance at June 30, 2022	$ 10,824,803	$ 10,015,675	$ 809,128	$ -	$ 809,128
Balance at June 30, 2023	11,893,969	9,589,470	2,304,499	-	2,304,499
Net changes	$ 1,069,166	$ (426,205)	$ 1,495,371	$ -	$ 1,495,371

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense (benefit) of $667,277 and $(166,819), respectively. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 46,279	$ 30,996
Changes in assumptions	236,144	-
Net difference between projected and actual earnings on Plan investments	422,123	-
Change in employer's proportion	19,775	34,577
Differences between the employer's contributions and the employer's proportionate share of contributions	45,452	23,580
Pension contributions subsequent to measurement date	497,931	-
Total	$ 1,267,704	$ 89,153

The $497,931 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement period ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Years Ending June 30,	
2024	$ 180,917
2025	156,726
2026	84,793
2027	258,184

Actuarial assumptions – Total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality rates include projected ongoing of mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.
Post retirement benefit increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.
Investment rate of return	6.90%

Discount rate – The discount rate CalPERS used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows CalPERS used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected return, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10 (1,2)
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous
1% decrease	5.90%
Net pension liability	$ 3,925,861
Current discount rate	6.90%
Net pension liability, as adjusted	$ 2,304,499
1% increase	7.90%
Net pension liability	$ 970,520

Note 8 – Other Post-Employment Benefits

Pension plan fiduciary net position – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Plan description (OPEB) – The Authority has established a Retiree Healthcare Plan ("HC Plan") and participates in an agent multiple-employer defined-benefit healthcare plan. The plan provides healthcare benefits to eligible retirees and their dependents. Employees must retire directly from the Authority under a CalPERS disability retirement or service retirement (age 50 and five years of service for Classic employees, but age increases to 52 for Public Employees' Pension Reform Act (PEPRA) employees hired after January 1, 2013). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the Authority, its management employees, and unions representing Authority employees.

The Authority provides retiree medical benefits through the California Public Employees' Retirement System Healthcare Program ("PEMHCA"). The Authority contributes, for eligible retirees and their dependents, using the Region 3 Kaiser rate structure at 5% of the active member contribution amount multiplied by years in PEMHCA (increase each year not greater than $100 per month, total amount not to exceed the active amount). The Authority joined PEMHCA in 2000 for all bargaining units and contributes up to the Kaiser premium based on coverage level for active employees.

The Authority participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to prefund retiree healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*; disclosure information in aggregate with the other CERBT participating employers. That report can be obtained from the CalPERS website at www.calpers.ca.gov.

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For the information contained in this Note, the following timeframes were utilized:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Covered participants (OPEB) – As of the June 30, 2022 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

	Number of Covered Participants
Inactives currently receiving benefits	7
Inactives entitled to but not yet receiving benefits	5
Active employees	11
Total	23

Contributions (OPEB) – The HC Plan and its contribution requirements are established by the Authority and may be amended at any time. The annual contribution is based on the actuarially determined contribution (ADC). The ADC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Other Than Pensions.* The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years. The Authority contracts with CalPERS CERBT for purposes of prefunding its OPEB obligations in a trust.

For the year ended June 30, 2023, the Authority made no contributions to the trust and the trust reimbursed all benefit payments that the Authority made.

For the year ended June 30, 2022, the Authority made no contributions to the trust and the trust reimbursed all benefit payments that the Authority made.

OPEB Liability/(Asset) – The Authority's total OPEB Liability/(Asset) was measured as of June 30, 2022. The total OPEB Liability used to calculate the total OPEB Liability/(Asset) is calculated in the June 30, 2021 actuarial valuation which utilized the following actuarial methods and assumptions:

Actuarial Assumptions	
Actuarial Valuation Date	June 30, 2021
Contribution Policy	Authority contributes full ADC
Discount Rate	5.25% at June 30, 2022 4.75% at June 30, 2021 Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	2.5% Annually
Mortality, Retirement, Disability, Termination Rates	CalPERS' 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2021
Salary Increases	2.75%, in aggregate; CalPERS 1997-2015 Experience Study for merit increases
Medical Trend Rate	Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare (Non-Kaiser) – 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) – 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation	100%
Medical Plan at Retirement	Currently covered: same as current election Currently waived: weighted-average of retiree premiums

The only assumption changed since the prior measurement date is the removal of the Patient Protection and Affordable Care Act (PPACA) excise tax.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation CERBT – Strategy 3	Expected Real Rate of Return (Geometric Means)
Asset Class		
Global equity	23.00%	4.56%
Fixed income	51.00%	1.56%
Treasury inflation-protected securities (TIPS)	9.00%	-0.08%
Commodities	3.00%	1.22%
Real estate investment trust (REITs)	14.00%	4.06%
Total	100%	

(a) An expected long-term rate of inflation of 2.50% used for this period.
(b) An expected long-term net rate of return of 5.25% used for this period.

Discount rate – The discount rate used to measure the total OPEB asset was 5.25%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Changes in the total OPEB Liability/(Asset) – The changes in the total OPEB Liability/(Asset) for the HC Plan are as follows:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability/(Asset) (a) – (b)
Balances reported at June 30, 2022 (June 30, 2021 measurement date)	$ 1,885,994	$ 2,442,660	$ (556,666)
Changes for the year			
Service cost	69,031	-	69,031
Interest	91,426	-	91,426
Changes of benefit terms	-	-	-
Actual vs. expected experience	-	-	-
Assumptions changes	(112,347)	-	(112,347)
Contributions – employer *	-	26,172	(26,172)
Contributions – member	-	-	-
Net investment income (loss)	-	(262,018)	262,018
Benefit payments – cash	(60,553)	(60,553)	-
Administrative expense	-	(793)	793
Net changes	(12,443)	(297,192)	284,749
Balances reported at June 30, 2022 (June 30, 2021 measurement date)	$ 1,873,551	$ 2,145,468	$ (271,917)

* Includes disbursements from trust of $34,553,
and $5,000 implied subsidy benefit payments $172 admin expenses paid by the Authority.

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability/(Asset) (a) – (b)
Balances reported at June 30, 2021 (June 30, 2020 measurement date)	$ 1,671,067	$ 2,184,500	$ (513,433)
Changes for the year			
Service cost	90,561	-	90,561
Interest	95,871	-	95,871
Changes of benefit terms	-	-	-
Actual vs. expected experience	225,124	-	225,124
Assumptions changes	(159,592)	-	(159,592)
Contributions – employer *	-	-	-
Contributions – member	-	-	-
Net investment income (loss)	-	296,057	(296,057)
Benefit payments – cash	(37,037)	(37,037)	-
Benefit payments – implied subsidy	-	-	-
Administrative expense	-	(860)	860
Other changes	-	-	-
Net changes	214,927	258,160	(43,233)
Balances reported at June 30, 2022 (June 30, 2021 measurement date)	$ 1,885,994	$ 2,442,660	$ (556,666)

* Includes disbursements to trust of $37,127,
and $4,000 implied subsidy benefit payments $90 admin expenses paid by the Authority.

Sensitivity of the total OPEB Liability/(Asset) to changes in the discount rate – The following presents the total OPEB Liability/(Asset) of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2022:

1% decrease	4.25%
Net OPEB Liability/(Asset)	$ (36,093)
Current discount rate	5.25%
Net OPEB Liability/(Asset)	$ (271,917)
1% increase	6.25%
Net OPEB Liability/(Asset)	$ (468,055)

Sensitivity of the total OPEB Liability/(Asset) to changes in the healthcare cost trend rates – The following presents the total OPEB Liability/(Asset) of the Authority if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

1% decrease in healthcare trend Net OPEB Liability/(Asset)	$	(504,870)
Current healthcare trend Net OPEB Liability/(Asset)	$	(271,917)
1% increase in healthcare trend Net OPEB Liability/(Asset)	$	11,612

OPEB plan fiduciary net position – CalPERS issues a publicly available financial report that may be obtained from the CalPERS website at www.calpers.ca.gov.

Recognition of deferred outflows and deferred inflows of resources – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over five years; all other amounts are recognized over the expected average remaining service lifetime.

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of $16,258. As of the fiscal year ended June 30, 2023, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 133,236	$ 50,993
Changes in assumptions	-	205,961
Net difference between projected and actual earnings on plan investments	183,391	-
Employer contributions made subsequent to the measurement date	27,219	-
Total	$ 343,846	$ 256,954

The Authority made $27,219 in contributions subsequent to the June 30, 2022 measurement date; therefore, a reduction of the total OPEB Liability/(Asset) was recognized during the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

	Deferred Outflows/ (Inflows) of Resources
Years Ending June 30,	
2024	(31,997)
2025	1,564
2026	24,716
2027	65,390

Note 9 – Commitments and Contingencies

The Authority is subject to claims and lawsuits arising in the normal course of business. Such claims are routinely evaluated by the Authority’s legal counsel. Management may make provisions for probable losses if deemed appropriate on advice of legal counsel. To the extent that provisions for damages are considered necessary, appropriate amounts are reflected in the accompanying basic financial statements.

The Authority is also exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors, and omissions, and natural disasters for which the Authority carries commercial insurance. In each of the past three fiscal years, the Authority has experienced no losses that have not been covered by existing insurance policy limits, beyond applicable deductible amounts.

As a recipient of federal and state grant funds, the Authority is subject to periodic audits and compliance reviews by, or on behalf of, the granting agencies to determine whether the expenditure of granted funds has been made in accordance with grant provisions. Such audits and compliance reviews could result in the potential disallowance of expenditures claimed by the Authority. The Authority’s management believes that the Authority has complied with the terms of its grant agreements and that the possible adverse effects, if any, of disallowed grant expenditures that may be determined by the granting agencies upon the Authority would not be material to the Authority.

The novel coronavirus (COVID-19) pandemic, subsequent e-commerce cargo surge, and resulting supply chain congestion have all affected Authority use fees and container charges. In fiscal year 2023, they are down from 2022 by 1.07% due in part to uncertainty caused by unresolved labor negotiations, which is now resolved.

Required Supplementary Information

Alameda Corridor Transportation Authority
Schedule of Proportionate Share of the Net Pension Liability
June 30, 2023

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability/(asset)	0.01995%	0.01496%	0.02024%	0.02065%	0.02078%	0.02123%	0.02129%	0.02106%	0.23270%
Authority's proportionate share of the net pension liability/(asset)	$ 2,304,499	$ 809,128	$ 2,202,035	$ 2,116,034	$ 2,001,963	$ 2,105,587	$ 1,842,521	$ 1,445,588	$ 1,438,008
Authority's covered-employee payroll	$ 1,529,435	$ 1,493,023	$ 1,458,129	$ 1,491,363	$ 1,437,994	$ 1,337,670	$ 1,318,017	$ 1,259,844	$ 1,207,037
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	150.68%	54.19%	151.02%	141.89%	139.22%	157.41%	139.79%	114.74%	119.14%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.44%
Authority's proportionate share of aggregate employer contributions	$ 497,413	$ 393,932	$ 372,986	$ 324,561	$ 272,467	$ 251,819	$ 222,835	$ 202,570	$ 151,265

Note: GASB 68 requires 10 years of historical information. Fiscal year 2015 was the first year of implementation; therefore, only information for the year ended June 30, 2015, and later has been presented.

Alameda Corridor Transportation Authority
Schedule of Contributions – Pension
June 30, 2023

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 297,931	$ 265,099	$ 280,569	$ 263,799	$ 235,396	$ 270,374	$ 243,216	$ 222,836	$ 196,611
Contributions in relation to the actuarially determined contribution	(497,931)	(465,099)	(480,569)	(399,799)	(263,896)	(270,374)	(243,216)	(222,836)	(196,611)
Contribution deficiency/(excess)	$ (200,000)	$ (200,000)	$ (200,000)	$ 136,000	$ 28,500	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,775,522	$ 1,529,435	$ 1,493,023	$ 1,458,129	$ 1,491,363	$ 1,437,994	$ 1,337,670	$ 1,318,017	$ 1,259,844
Contributions as a percentage of covered-employee payroll	28.04%	30.41%	32.19%	27.42%	17.69%	18.80%	18.18%	16.91%	15.61%

Note: GASB 68 requires 10 years of historical information. Fiscal year 2015 was the first year of implementation; therefore, only information for the year ended June 30, 2015, and later has been presented.

Alameda Corridor Transportation Authority
Schedule of Changes in the Net Other Post-Employment Benefits Asset and Related Ratios
June 30, 2023

Measurement Periods Ended June 30,	2022	2021	2020	2019	2018	2017
Changes in total OPEB Liability						
Service cost	$ 69,031	$ 90,561	$ 89,465	$ 90,173	$ 89,088	$ 86,494
Interest on the total OPEB Liability	91,426	95,871	89,187	93,375	84,593	76,285
Actual vs. expected experience difference	-	225,124	-	(196,681)	-	-
Changes in assumptions	(112,347)	(159,592)	(29,792)	(44,186)	-	-
Changes in benefit terms	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Benefit payments	(60,553)	(37,037)	(19,798)	(16,457)	(13,722)	(14,915)
Net change in total OPEB Liability	(12,443)	214,927	129,062	(73,776)	159,959	147,864
Total OPEB liability – beginning	1,885,994	1,671,067	1,542,005	1,615,781	1,455,822	1,307,958
Total OPEB liability – ending (a)	$ 1,873,551	$ 1,885,994	$ 1,671,067	$ 1,542,005	$ 1,615,781	$ 1,455,822
Changes in Plan Fiduciary Net Position						
Contribution – employer	$ 26,172	$ -	$ 44,000	$ 67,990	$ 93,762	$ 94,915
Net investment income	(262,018)	296,057	129,017	136,637	80,572	65,171
Benefit payments	(60,553)	(37,037)	(19,798)	(16,457)	(13,722)	(14,915)
Administrative expense	(793)	(860)	(1,067)	(435)	(3,174)	(835)
Other changes	-	-	-	-	-	-
Net change in plan fiduciary net position	(297,192)	258,160	152,152	187,735	157,438	144,336
Plan fiduciary net position – beginning	2,442,660	2,184,500	2,032,348	1,844,613	1,687,175	1,542,839
Plan fiduciary net position – ending (b)	2,145,468	2,442,660	2,184,500	2,032,348	1,844,613	1,687,175
Total OPEB Liability/(Asset) – ending (a) – (b)	$ (271,917)	$ (556,666)	$ (513,433)	$ (490,343)	$ (228,832)	$ (231,353)
Plan fiduciary net position as a percentage of the total OPEB liability	114.5%	129.5%	130.7%	131.8%	114.2%	115.9%
Covered-employee payroll (measurement period)	$ 1,534,957	$ 1,773,193	$ 1,571,539	$ 1,494,061	$ 1,443,796	$ 1,348,523
Total OPEB Liability/(Asset) as a percentage of covered-employee payroll	-17.7%	-31.4%	-32.7%	-32.8%	-15.8%	-17.2%

Notes to Schedule:
Historical information is required only for measurement periods for which GASBS 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

Alameda Corridor Transportation Authority
Schedule of Contributions – Other Post-Employment Benefits
June 30, 2023

Fiscal Years Ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 27,000	$ 26,000	$ 46,000	$ 44,000	$ 68,000	$ 66,000
Contributions in relation to the ADC	27,219	26,172	-	44,000	67,990	93,762
Contribution deficiency (excess)	$ (219)	$ (172)	$ 46,000	$ -	$ 10	$ (27,762)
Covered-employee payroll (fiscal year)	$ 1,733,417	$ 1,534,987	$ 1,773,193	$ 1,571,539	$ 1,494,061	$ 1,443,796
Contributions as a percentage of covered-employee payroll	1.6%	1.7%	0.0%	2.8%	4.6%	6.5%

Note: GASBS 75 requires 10 years of historical information. Fiscal year ended June 30, 2018 (measurement period ended June 30, 2017) was the first year of implementation; therefore, only information for five years has been presented.

Methods and Assumptions Used to Determine the 2022/2023 ADC:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal, Level % of pay
Amortization Method/Period:	Level percent of payroll; 8.5 years average remaining fixed period
Asset Valuation Method:	Investment gains and losses spread over a five-year rolling period
Discount Rate:	4.75%
General Inflation:	2.50%
Medical Trend Rate:	Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
	Medicare (Non-Kaiser) – 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
	Medicare (Kaiser) – 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Mortality, Retirement, Disability, Termination Rates:	CalPERS' 1997-2015 Experience Study
Mortality Improvement:	Mortality projected fully generational with Society of Actuaries Scale MP-2021

Historical information is required only for measurement periods for which GASBS 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

APPENDIX B

THE PORT OF LOS ANGELES, INCLUDING AUDITED FINANCIAL STATEMENTS

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THE PORT OF LOS ANGELES

The Port of Los Angeles ("POLA") is obligated to make certain payments required by the Operating Agreement (as defined in the forepart of this Official Statement) and is not responsible for paying, and is not guaranteeing the payment of, the principal or accreted value of (as applicable), premium, if any, or interest on the Bonds (including the Series 2024 Bonds) (as such terms are defined in the forepart of this Official Statement). 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 and as described in the forepart of this Official Statement under the headings captioned "AUTHORITY REVENUES—Shortfall Advances and Other Port Advances" and "BONDHOLDERS' RISKS—Shortfall Advances are Limited, Subordinate Obligations of the Ports", the Operating Agreement requires POLA and POLB (as defined herein), severally and not jointly, to make Shortfall Advances (as defined in the forepart of this Official Statement), the payment of which is a limited obligation, payable equally by POLA and POLB and neither Port is required to make any Shortfall Advance that should have been paid by the other Port. 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 (as defined in the forepart of this Official Statement) 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 by and through the Los Angeles Board of Harbor Commissioners (the "POLA Board"), 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 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 (as defined below) 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 Pacific Merchant Shipping Association ("PMSA"), during calendar year 2022, POLA was the busiest container port in North America in terms of cargo volume, handling approximately 9.9 million TEUs. A "TEU" is a unit of cargo capacity often used to describe the capacity of container ships and container terminals and is based on the volume of a 20-foot long shipping container, a standard sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks. According to the PMSA, POLA and the Port of Long Beach ("POLB"), combined, handled approximately 19.0 million TEUs during calendar year 2022 (the latest data currently available from the PMSA), as compared to approximately 20.1 million TEUs during calendar year 2021.

Physical Description and Geography

POLA is located in the 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 operates primarily as a landlord, as opposed to an operating port. POLA's docks, wharves, transit sheds, and terminals are leased to shipping or terminal companies, agents, and to other private firms. Although POLA owns these facilities, it has no direct hand in managing the daily movement of cargo. POLA is a landlord to close to 300 entities. In addition to major terminal operators, other tenants include marinas, commercial fishing operations, cruise operations, restaurants, and recreational facilities. The major sources of income for POLA are from shipping services (wharfage, dockage, pilotage, space assignment charges, etc.), rentals, fees, concessions, and royalties. It currently serves approximately 80 shipping companies and agents with facilities that include 270 berthing facilities along 43 miles of waterfront. In terms of its size and volume, POLA is one of the world's largest and busiest ports. POLA encompasses approximately 7,500 Acres (4,300 acres of land and 3,200 acres of water). POLA is a deep-water port with a depth of 53 feet in its main channel and at the bulk loader and supertanker channels. Two major railroads serve POLA (Union Pacific Railroad Company ("Union Pacific") and BNSF Railway Company). POLA lies at or near the terminus of two major interstate freeways, the I-110 and the I-710, within the Los Angeles area freeway system. Subsurface pipelines link POLA to major refineries and petroleum distribution terminals within the Los Angeles Basin. POLA handles the largest volume of containerized cargo of all United States ports, and additionally ranks as number one in cargo value for United States waterborne foreign traffic. POLA's major trading partners, concentrated along the Pacific Rim, include China/Hong Kong, Vietnam, Japan, Taiwan, and South Korea. Cargo to and from these countries represents the bulk of the total value of all cargo shipped through POLA. POLA currently has the capability to handle modern, deeper-draft vessels. POLA's channels have moderate maintenance requirements because there is no major river source of sand or silt coming in to the harbor.

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 POLA and POLB. The ICTF is operated by Union Pacific under a long-term lease agreement.

POLA's major permittees (tenants) as of June 30, 2023 are listed in Table B-1 below.

TABLE B-1

MAJOR PERMITTEES (TENANTS) OF THE PORT OF LOS ANGELES
(In Alphabetical Order)
(As of June 30, 2023)

APM Terminals Pacific LLC / Maersk Pacific, Ltd. / Maersk Line A/S
China Shipping Holding Co., Ltd.
Everglades Company Terminal, Inc.
Everport Terminal Services Inc.
Fenix Marine Services, Ltd.
Innovative Terminal Services, Inc.
Parking Concepts, Inc.
PBF Energy Western Region, LLC
Phillips 66 Company
Ports America Cruise, Inc.
Rio Doce Pasha Terminal
SA Recycling LLC
Shell Oil Company
Taylored Transload, LLC
Trapac, LLC
Union Pacific Railroad Company
Vopak Terminal Los Angeles Inc.
Westrec Marina Management, Inc. / Cathay Bank
WWL Vehicle Services Americas, Inc.
Yusen Terminal, Inc. / N.Y.K. (North America) Inc.

Source: Harbor Department of the City of Los Angeles

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. However, the ports cooperate in setting tariff rates through membership in the California Association of Port Authorities ("CAPA"). One of CAPA's goals is to establish and maintain reasonable and, as far as practicable, uniform terminal rates, charges, classifications, rules and regulations for the handling and movement of domestic and foreign waterborne cargo. These tariff provisions cover, 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

As discussed in the forepart of this Official Statement, 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 June 30, 2023, approximately $52.6 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 (the "Los Angeles Harbor Revenue Fund"). 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 such terms are 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 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 POLA's operating revenues, expenses and net assets for fiscal years ended June 30, 2019 through 2023.

TABLE B-2

PORT OF LOS ANGELES
SUMMARY OF REVENUES, EXPENSES AND NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2019 THROUGH JUNE 30, 2023
(in thousands of dollars)

	2019	2020	2021[5]	2022[6]	2023
Revenues					
Shipping Services					
Wharfage	$ 383,549	$ 345,195	$ 435,513	$ 441,966	$ 405,046
Dockage	4,348	4,257	4,509	5,914	3,619
Demurrage	202	200	207	133	123
Pilotage	10,985	9,495	10,682	13,432	13,209
Assignment Charges	11,244	10,418	12,938	24,397	26,011
Total Shipping Services[1]	**$ 410,328**	**$ 369,565**	**$ 463,849**	**$ 485,842**	**$ 448,008**
Rentals					
Land	$ 65,291	$ 72,099	$ 76,475	$ 85,092	$ 115,375
Other Rentals	674	1,004	1,706	1,745	1,915
Total Rentals	**$ 65,965**	**$ 73,103**	**$ 78,181**	**$ 86,837**	**$ 117,290**
Royalties, Fees and Other Operating Revenues	30,134	24,998	27,683	55,163	91,102
Total Operating Revenues	**$ 506,427**	**$ 467,666**	**$ 569,713**	**$ 627,842**	**$ 656,400**
Expenses					
Operating and Administrative Expenses					
Salaries and Benefits	$ 98,062	$ 113,342	$ 108,646	$ 109,778	$ 107,747
Pension Expense [2]	20,913	28,805	33,086	14,840	33,200
OPEB Expense [3]	4,083	3,679	4,468	(2,208)	788
City Services and Payments	45,223	48,366	45,876	45,531	47,823
Outside Services	33,418	31,815	26,219	27,864	33,332
Utilities	19,946	18,443	23,241	33,708	27,210
Materials and Supplies	6,593	5,672	4,517	5,106	5,974
Pollution Remediation Expenses	(4,106)	89	924	--	1,107
Marketing and Public Relations	2,510	2,388	1,372	2,101	2,710
Workers' Compensation, Claims and Settlement	193	3,272	14,255	1,712	15,583
Clean Truck Program Expenses	3,120	1,014	752	2,613	5,835
Travel [4]	733	508	71	281	577
Other Operating Expenses	9,739	16,177	9,556	12,574	17,534
Total Operating and Administrative Expenses	**$ 240,427**	**$ 273,570**	**$ 272,983**	**$ 253,900**	**$ 299,420**
Income from Operations before Depreciation	$ 266,000	$ 194,096	$ 296,730	$ 373,942	$ 356,980
Depreciation	161,977	158,613	154,295	147,569	194,869
Operating Income	**$ 104,023**	**$ 35,483**	**$ 142,435**	**$ 226,373**	**$ 162,111**
Nonoperating Revenues / (Expenses)					
Income from Investments in Joint Powers Authorities	$ 2,596	$ 2,461	$ 2,243	$ 1,513	$ 1,888
Investment Income (Loss) - Net	32,804	39,643	(2,656)	(47,744)	4,538
Interest Expense	(1,290)	(24,707)	(21,773)	(19,037)	(17,837)
Other Income and Expenses, net	27,151	2,025	9,240	(5,125)	15,756
Net Nonoperating Revenues/(Expenses)	**$ 61,261**	**$ 19,422**	**$(12,946)**	**$(70,393)**	**$ 4,345**
Income Before Capital Contributions	$ 165,283	$ 54,905	$ 129,489	$ 155,980	$ 166,456
Capital Contributions	3,523	3,440	7,116	11,906	43,505
Changes in Net Assets	**$ 168,807**	**$ 58,345**	**$ 136,605**	**$ 167,886**	**$ 209,961**
Total Net Assets - Beginning of Year	$3,334,871	$3,503,678	$3,562,023	$3,698,628	$3,866,514
Total Net Assets - End of Year	**$3,503,678**	**$3,562,023**	**$3,698,628**	**$3,866,514**	**$4,076,475**

[1] For the fiscal year ended June 30, 2021, increase in shipping services revenues is, in part, attributed to the worldwide Covid-19 pandemic.
[2] Pension Expense increased by $18.4 million from $14.8 million in the fiscal year ended June 30, 2022 to $33.2 million in the fiscal year ended June 30, 2023, due primarily to the unfavorable return on the market value of pension assets that was less than the rate of return assumption.
[3] OPEB Expense increased by approximately $3.0 million from approximately $(2.2) million, an OPEB credit or income, in the fiscal year ended June 30, 2022 to approximately $0.8 million in the fiscal year ended June 30, 2023, due primarily to the unfavorable return on the market value of OPEB assets in OPEB plans.
[4] This line-item was previously named "Travel and Entertainment". For fiscal year ended June 30, 2021, decrease in "Travel" expenses is due to the worldwide Covid-19 pandemic.
[5] GASB Statement No. 87, "Leases" ("GASB 87") establishes standards for the recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. The financial statements as of and for the year ended June 30, 2021 were restated as a result of the implementation of GASB 87. The beginning net position at July 1, 2020 was not restated due to the information to restate those amounts was not readily available and impractical to do so.
[6] GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" ("GASB 96") provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments. GASB 96 has been implemented retroactively to July 1, 2021. The financial statements as of and for the year ended June 30, 2022 were restated as a result of the implementation of GASB 96.
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 fiscal years ended June 30, 2014 through June 30, 2023.

TABLE B-3

PORT OF LOS ANGELES
REVENUE TONNAGE BY CARGO TYPE[1]
FISCAL YEARS 2014 THROUGH 2023
(in thousands of metric revenue tons)

Fiscal Year Ended June 30	General Cargo[2]	Liquid Bulk	Dry Bulk[3]	Total[4]	% Increase (Decrease) in Total Tonnage over Prior Year
2014	165,000	10,500	900	176,400	6.8%
2015	165,100	10,300	1,400	176,800	0.2
2016	167,300	14,300	1,200	182,800	3.4
2017	184,300	13,200	600	198,100	8.4
2018	178,000	15,500	1,000	194,500	(1.8) [5]
2019	193,000	13,400	900	207,300	6.6
2020[6]	170,000	12,300	700	183,000	(11.7)[7]
2021	211,900	9,300	800	222,000	21.3[8]
2022	207,000	10,700	1,000	218,700	(1.5)[9]
2023	170,200	7,500	800	178,500	(18.4) [10]

(1) Numbers are rounded.
(2) General Cargo tonnage comprised of both TEU tonnage and non-TEU tonnage.
(3) Dry bulk cargo includes steel slabs, pipe, beams, scrap metal, and cement.
(4) Computed on an accrual basis, adjusted for unverified amounts.
(5) Decline is attributed to realignment and consolidation of vessel services among the shipping alliances.
(6) Tonnage rounding for liquid bulk (previously rounded to 12,200) and dry bulk (previously rounded to 800) has been corrected.
(7) Decline in tonnage is, in part, attributed to the economic closures related to the worldwide Covid-19 pandemic.
(8) Increase in tonnage is, in part, attributed to the economic recovery related to the worldwide Covid -19 pandemic.
(9) Decline in tonnage is, primarily attributed to stagnation after the significant increase in tonnage in the fiscal year ended June 30, 2021 attributed to the worldwide Covid-19 pandemic.
(10) Decline in tonnage is, primarily attributed to changes in spending patters by consumers following the worldwide Covid-19 pandemic.
Source: POLA

The following Tables B-4 and B-5 provide information about the container traffic at POLA for calendar years 2018 through 2022 (the latest data currently available) and for fiscal years ended June 30, 2019 through June 30, 2023, respectively.

TABLE B-4

PORT OF LOS ANGELES
CONTAINER TRAFFIC
CALENDAR YEARS 2018-2022
(TEUs[1])

	2018	2019	2020	2021	2022
Inbound[2]	4,870,582	4,714,266	4,827,040	5,513,286	4,975,735
Outbound[2]	1,904,054	1,756,177	1,531,406	1,184,145	1,187,085
Empties	2,684,113	2,867,190	2,854,950	3,980,179	3,748,339
Total TEUs[3]	9,458,749	9,337,632	9,213,396	10,677,610	9,911,159

(1) TEU counts are subject to adjustment which may occur throughout the year.
(2) Full containers.
(3) Totals may not sum due to rounding.
Source: POLA.

TABLE B-5

PORT OF LOS ANGELES
CONTAINER TRAFFIC
FISCAL YEARS 2019-2023
(TEUs[1])

	2019	2020	2021	2022	2023
Inbound[2]	4,910,807	4,404,634	5,710,620	5,426,860	4,537,504
Outbound[2]	1,860,452	1,595,607	1,447,132	1,147,140	1,141,650
Empties	2,916,993	2,560,642	3,721,631	4,089,637	3,135,482
Total TEUs[3]	9,688,252	8,560,882	10,879,383	10,663,637	8,634,636[4]

(1) TEU counts are subject to adjustment which may occur throughout the year.
(2) Full containers.
(3) Totals may not sum due to rounding.
(4) Decrease in TEU volume is primarily attributed to changes in spending patterns by consumers from the worldwide Covid-19 pandemic.
Source: POLA.

The following Table B-6 shows the breakdown of shipping revenues by container and non-container for the fiscal years ended June 30, 2014 through June 30, 2023. 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, 2014-2023

Fiscal Year Ended June 30	Total Shipping Revenues (000s)	Container Shipping Revenues (000s)	TEUs (000s)	Container Shipping Revenue Per TEU	Non-Container Shipping (000s)	Non-Container Tons (000s)	Non-Container Shipping Revenue Per Ton
2014	$ 377,200	$ 335,700	8,210	$ 40.89	$ 41,500	14,900	$ 2.79
2015	364,900	325,500	8,191	39.74	39,400	15,100	2.61
2016	368,500	324,100	8,391	38.62	44,400	18,500	2.40
2017	398,300	351,800	9,206	38.21	46,500	17,300	2.69
2018[2]	405,300	353,600	9,170	38.56	51,700	19,500	2.65
2019	410,300	358,800	9,688	37.04	51,500	17,000	3.03
2020	369,600	323,300	8,560	37.77	46,300	14,500	3.19
2021[3]	463,800	421,400	10,879	38.74	42,400	12,800	3.31
2022[3]	485,800	422,300	10,664	39.60	63,500	13,700	4.64
2023	448,000[4]	365,300	8,635[4]	42.31	82,700	10,300	8.03[5]

(1) Numbers are rounded.
(2 Non-Container Shipping Revenue was previously recorded as $51,800 (in thousands) and stated as such in POLA's previous annual continuing disclosure reports (the "Prior Reports"). As a result, Non-Container Shipping Revenue Per Ton was adjusted from $2.66 (in the Prior Reports) to $2.65.
(3) Increase in shipping revenues is, in part, attributed to the economic recovery related to the worldwide Covid-19 pandemic.
(4) Decrease in shipping revenues and TEU volume is primarily attributed to changes in spending patterns by consumers from the worldwide Covid-19 pandemic.
(5) Increase in Non-Container Shipping Revenue Per Ton is, in part, attributed to increases in cruse and auto shipping revenues from the prior year.
Note: TEU = twenty-foot equivalent units.
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 for the fiscal year ended June 30, 2023.

TABLE B-7

PORT OF LOS ANGELES
TEU[1] COUNT BY COUNTRY
FISCAL YEAR ENDED JUNE 30, 2023

Exports			Imports		
Country	TEUs	% of Total	Country	TEUs	% of Total
China	254,039	22.9%	China	2,301,625	54.7%
Japan	187,561	16.9	Vietnam	476,911	11.3
Taiwan	115,688	10.4	Japan	275,159	6.5
Malaysia	89,809	8.1	Taiwan	223,610	5.3
South Korea	68,241	6.1	Thailand	175,937	4.2
Indonesia	56,058	5.1	Indonesia	120,991	2.9
Vietnam	54,958	5.0	South Korea	110,361	2.6
Thailand	46,950	4.2	Malaysia	83,448	2.0
Singapore	28,460	2.6	India	59,712	1.4
Philippines	22,946	2.1	Cambodia	53,894	1.3
All Others	185,323	16.7	All Others	328,840	7.8
Total Exports	1,110,034	100.0%	Total Imports	4,210,490	100.0%

(1) TEU = twenty-foot equivalent units.
Source: Ports Import Export Reporting Services ("PIERS"). Data from PIERS excludes domestic cargo and empties.

Security

POLA's security program is structured to secure POLA through deterrence and prevention. Security operations are conducted by the Los Angeles Port Police in collaboration with federal, state and local agencies. Sworn and civilian personnel conduct patrols, inspections and investigations both on land and on the water. These operations are supported by advanced surveillance and communications systems. Security for the supply chain and of the cargo entering POLA is accomplished through national and international cargo security standards and regulations. The associated operational measures are principally conducted by U.S. Customs and Border Protection. POLA was extensively involved in the development of these measures. Additionally, POLA's port security program places great emphasis on the security of key Port infrastructure including railways, roadways and bridges within the port complex. In the years following the terrorist attacks of September 11, 2001, POLA was awarded numerous grants to fund security projects and equipment purchases by federal and state agencies including the U.S. Department of Homeland Security and the State of California Office of Homeland Security. POLA continues to receive port security grant funds which are used to maintain security systems and to make system upgrades as the technology advances.

The Maritime Transportation Security Act ("MTSA") of 2002 required the development of security regulations for U.S seaports and for the ships that call on these ports. The associated regulations were developed and implemented by the U.S. Coast Guard. These security regulations focus on the sectors of the maritime industry that have a higher risk of involvement in a transportation security incident, including tank vessels, passenger vessels, and port facilities that handle passengers and certain kinds of dangerous cargos. These regulations require, among other things, that port and vessels owners assess their vulnerabilities and develop plans that may include implementing vehicle, container and baggage screening procedures, accessing control measures and/or installing surveillance systems.

In 2014, POLA established its Cybersecurity Operations Center (the "Center"), operated by a dedicated cybersecurity team, as a centralized location to monitor network traffic in order to prevent, detect and respond to cyber incidents under POLA's control. The Center prevents approximately 20 million cyber-intrusion attempts per month. Since 2015, POLA also continues to maintain its ISO 27001 certification for the Center. ISO 27001 certification demonstrates that POLA is following information security best practice and delivers an independent, expert assessment of whether POLA's information security management system complies with this international cybersecurity standard.

In April 2019, POLA determined to form a cross-sector Cyber Resilience Center (the "CRC") in order to further reduce the risks of cybersecurity threats that could disrupt the flow of cargo at POLA. The CRC will expand the scope of stakeholder engagement to encompass the key parties operating in POLA complex: shipping lines, marine terminal operators, railroad companies, labor and representatives from the trucking industry. The CRC will enable key stakeholders to share cyber threat indicators and take defensive measures with each other as a means to reduce the potential of a cyber-incident experienced by any one of POLA's stakeholders to disrupt multiple operations within POLA.

Capital Improvement Projects.

POLA's capital improvement projects are categorized into five types of projects: (i) Terminal and Infrastructure Projects, (ii) Transportation Projects, (iii) Security Projects, (iv) Public Access/Environmental Enhancement/Zero Emissions Projects, and (v) Maritime Services Projects.

POLA's expenditures for capital improvement projects for the fiscal year ended June 30, 2023 were approximately \$114.3 million, comprised of: Terminal Projects (a total of approximately \$69.1 million), Transportation Projects (a total of approximately \$7.2 million), Security Projects (a total of approximately \$2.6 million), Public Access/Environmental Enhancement Projects (a total of approximately \$22.9 million), and Maritime Services Projects (a total of approximately \$12.4 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, 2024 through 2028.

TABLE B-8

PORT OF LOS ANGELES
CAPITAL IMPROVEMENT PROGRAM BY CATEGORY
FISCAL YEARS 2024-2028

Project Category	Estimated Total Cost ($ millions)
Terminal and Infrastructure Projects	$ 679
Transportation Projects	203
Security Projects	2
Public Access/Environmental Enhancement/Zero Emissions Projects	127
Maritime Services Projects	334
Total	$1,345

Source: POLA

Terminal and Infrastructure Projects. Following are summaries of certain of POLA's major Terminal and Infrastructure Projects.

*Berths 167-169, MOTEMS/Shell***.** The Port of Los Angeles is constructing a new marine oil platform at the Shell Oil Terminal. The primary goal of the $44.8 million project is to comply with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) to protect public health, safety, and the environment. Work includes demolition of the timber wharves and construction and operation of a new MOTEMS-compliant wharf at Berth 168, with minor infrastructure improvements to connect the new loading platform to the existing landside pipelines and utilities. The project includes a new 30-year lease. Construction started in July 2021 and Phase I of the project was completed in May 2023. Phase II of the project is expected to start in 2025, with project completion expected in 2027. POLA has used or intends to use available moneys to finance costs of the project.

Berths 177-182 Wharf Restoration. POLA is finalizing design to construct approximately 382 linear feet of concrete wharf (62-feet-wide). The wharf will be upgraded to include additional seismic analysis to comply with the POLA seismic code. The existing wharf will be demolished and a new, higher capacity rectangular wharf will be constructed that will provide more utility. The project scope is expected to include slope erosion repair and bollard upgrades. The total estimated project cost is $23.1 million, construction started in November 2023 and project completion is expected in January 2025. POLA has used or intends to use available moneys to finance costs the project.

Berths 238-239, MOTEMS/PBF Energy. POLA is finalizing design of a new marine oil platform at the PBF Energy Oil Terminal. The primary goal of the proposed $35 million project is to comply with the MOTEMS to protect public health, safety and the environment. The project provides for a new marine oil terminal at Berth 238 to comply with the MOTEMS regulations. The new terminal will consist of a new 125 feet by 58 feet unloading platform at Berth 238, berthing dolphins, mooring dolphins, catwalks, and access ramp. The project will also require the demolition of the two existing unloading platforms located at Berth 238 and 239, and other existing mooring and berthing dolphins. The proposed project would also include a new 30-year lease. Construction is expected to start in 2024, with project completion expected in late 2026. POLA has used or intends to use available moneys to finance costs of the project.

Berths 302-305, On-Dock Railyard Expansion. An expansion of the existing railyard at Berths 302-305 is in design to add approximately 16,200 linear feet of railroad track in five new loading tracks and one tail track. This project will improve the capacity of the existing overall on-dock railyard while also constructing infrastructure improvements including rail signal improvements, storm drain and low impact development, waterline relocation, and electrical improvement including relocation of high mast poles. The total estimated project cost is $52.3 million, of which POLA is responsible for approximately $14.9 million (a federal grant in the amount of $18.2 million awarded by the United States Maritime Administration and a federal grant generated by the State of California Trade Corridor Enhancement Program in the amount of $19.2 million will also fund the project costs). Construction is expected to start in 2025, with project completion expected in early 2027. POLA intends to use available moneys to finance its portion of the costs of the project.

Pier 400 Corridor Storage Tracks Expansion Project. The existing Pier 400 rail storage yard is in need of expansion in order to accommodate future rail volumes on Terminal Island. Construction of the Pier 400 Storage Tracks Expansion Project is currently underway to address these issues. The project scope includes a concrete rail bridge with lighting, six new railroad storage tracks, an asphalt access roadway, new crossovers and switches, as well as modifications to the existing compressed air system of the Pier 400 Rail Storage Yard and Bridge. The project scope also includes the relocation of a portion of the Pier 400 lead track onto POLA's property, realignment of the track connection to the existing rail storage yard, modifications to Reeves Avenue, and relocation of the existing at-grade crossing at Nimitz Avenue to Reeves Avenue. The total estimated project cost is currently budgeted at $73.2 million, of which POLA is responsible for approximately $51.6 million. POLA intends to use available moneys to finance its portion of the costs of the project and a federal grant generated by the State of California Trade Corridor Enhancement Program in the amount of approximately $21.6 million will also be used to fund project costs. Construction is expected to finish in 2024.

Port of Los Angeles and Port of Long Beach Goods Movement Workforce Training Facility. The Joint Ports Goods Movement Workforce Training Facility will be the first training center in the United States dedicated to the goods movement industry. The project will be a joint effort between POLA and POLB with a total project cost of $150 million. The facility will replicate goods movement environments, such as marine cargo terminals, providing a safe training environment for workers. In addition, the facility will provide the region's workforce with skills to succeed in careers that utilize newer and cleaner human operated technologies. POLA and POLB will fund project costs and project funding will also be supplemented with State of California funding in the amount of $110 million. The project is targeted to begin design in late 2023, with construction expected to start in 2025, and project completion expected in early 2029.

Terminal Island Maritime Support Facility (TIMSF). POLA is in the planning stage for the design and construction of an approximately 70 – 80 acre maritime support facility, including grading, paving, power, lighting, fire protection, perimeter fencing, utilities, roadability canopy, longshore restrooms, guard booths, and roadway connecting to the future Maritime Support Facility Access/Terminal Island Rail System Grade Separation Project. This project would serve as a chassis support facility. The total project cost is approximately $194.63 million. This project was awarded a $149.3 million grant from California State Transportation Agency. Construction is expected to start in 2025, with project completion expected in 2027. POLA has used or intends to use available moneys to finance its portion of the costs of the project.

Transportation Projects. Following are summaries of certain of POLA's current Transportation Projects.

State Route 47 (SR-47)/Vincent Thomas Bridge & Front Street/Harbor Blvd Interchange Reconfiguration. This interchange is an important transportation facility providing access to the LA Waterfront, residential community of San Pedro, Terminal Island, and West Basin Container Terminal. The project would improve traffic safety and operational deficiencies at the interchange. The $110 million improvements, which includes $73.0 million in grant funding, will include replacing the existing westbound off-ramp from the Vincent Thomas Bridge currently located on the south side of the Vincent Thomas Bridge with a new off-ramp located on the north side of the Vincent Thomas Bridge. Additional improvements include realigning the existing westbound on-ramp onto SR 47 and I-110 connector; modifying the westbound off- ramp onto Harbor Boulevard; and modifying the eastbound on-ramp onto the Vincent Thomas Bridge toward Terminal Island. Project design was completed in 2023 and construction is expected to start in early 2024, with project completion expected in 2027. POLA has used or intends to use available moneys to finance its portion of the costs of the project.

Maritime Support Facility Access/Terminal Island Rail System Grade Separation. POLA is in the design stage for the design and construction of a four-lane, rail-roadway grade separation. This project would eliminate significant truck access impediment into the proposed Terminal Island Maritime Support Facility (the

"TIMSF"), and connect the TIMSF to Terminal Way, Ferry Street, and Pier 300. The total project cost is approximately $39.23 million. This project was selected to receive $20 million of United States Department of Transportation FY 2022 RAISE grant funding and a federal grant generated by the State of California Trade Corridor Enhancement Program in the amount of approximately $15 million. POLA has used or intends to use available moneys to finance the remaining portion of the costs of the project. Construction is expected to start in late 2026, with project completion expected in 2027.

Navy Way and Seaside Avenue Interchange Improvements. POLA is in the planning stage for the design and construction of modifications to the intersection of Navy Way and Seaside Avenue to improve traffic operations and safety. The project would eliminate left turns and improve the geometry to reduce collision potential at this intersection. Project improvements include an auxiliary lane for westbound traffic, elimination of a traffic signal at the intersection, new eastbound collector-distributor road, widening of the north side highway bridge over both Ports' rail tracks. Project costs are currently budgeted at $65.7 million and construction is expected to start in 2026, with project completion expected in 2028. The project was awarded $41.8 million in grant funding by the California State Transportation Agency. POLA has used or intends to use available moneys to finance the remaining portion of the costs of the project.

Public Access/Environmental Enhancement/Zero Emissions Projects. Following are summaries of certain of POLA's current Public Access/Environmental Enhancement/Zero Emissions Projects.

West Harbor Development. The West Harbor Development is a commercial development along the LA Waterfront which will include 42 acres of outdoor space for restaurants, retail, fresh markets, office space, waterside activities, and an open-air amphitheater for live entertainment. The developers, The Ratkovich Company and Jerico Development, are expected to invest approximately $100 million in this redevelopment. Project construction began in December 2022 and project completion is expected in 2025. City improvements are being funded using available moneys contributed by POLA and commercial developments are being funded by the developers of the West Harbor Development.

San Pedro Waterfront. Phase I of the construction of the San Pedro Waterfront (San Pedro Promenade and Town Square Project) was completed in 2021 for a total cost of $53.7 million. Phase II of the San Pedro Waterfront Project will continue the new public promenade to the southerly end of the new West Harbor Development. This new public promenade will run parallel to the Los Angeles Main Channel. The promenade will include such amenities as public seating, landscaping, hardscape, signage, and architectural finishes. Total project cost is estimated $31.4 million. Construction began in 2023 and project completion is expected in 2025. City improvements are being funded using available moneys contributed by POLA and commercial developments are being funded by the developers of the West Harbor Development.

Wilmington Waterfront Promenade. Creating a "window on the waterfront" for the Wilmington community, the promenade project includes the realignment of Water Street parallel to the existing railroad tracks and construction of a community park adjacent to the Banning's Landing Community Center, along with a waterfront promenade, public pier, public dock, public restrooms with a green roof, playground, and parking lots. Project improvements along Water Street includes utilities, street work, grading, paving, striping, lighting, and landscaping. Other project improvements to the nine-acre site include irrigation, signage, and furnishings such as public seating, bike racks, and drinking fountains. Total project cost is estimated at $77.3 million and project costs will be funded by POLA using available moneys. Construction started in November 2020 and is expected to be completed in January 2024.

Avalon Promenade Bridge and Gateway Project. The Avalon Promenade Bridge and Gateway Project is a companion piece to the Wilmington Waterfront Promenade project, and includes a signature pedestrian bridge along Avalon Boulevard that is currently in the design phase. This bridge will link the Wilmington Waterfront Promenade that is currently under construction to the future Avalon Promenade and Gateway. Design of the Avalon Promenade and Gateway project was resumed in late 2022 and will be constructed with the pedestrian bridge in 2024. Avalon Promenade Bridge and Gateway will consist of an iconic pedestrian bridge over the railroad tracks and Water Street, entry plaza, landscaping, hardscape, parking, restrooms, and architectural finishes with a total estimated project cost of $65 million. The pedestrian bridge element was awarded Measure M grant funds in the amount of $10.2 million from Metro/South Bay COG and $42.1 million from California State Transportation Agency. The remaining project costs will be funded by POLA using available moneys.

208 East 22nd Street Parking Lot Improvements. POLA is currently in the design phase for development and redevelopment of 17.5 acres at the 208 East 22nd Street parking lot, creating up to 2,350 parking stalls. Project improvements include building demolition, grading, paving, drainage, lighting, security fencing, additional entrances, a restroom facility, bus turnout area and pay stations. The total project budget is estimated at $31.8 million and construction is expected to start in 2025, with project completion expected in 2026. POLA expects to use available moneys to fund project costs.

Zero Emissions Port Electrification and Operations Program. POLA is in the planning stages of a $299 million program to support the future power demand requirement throughout the POLA for zero-emission operations, as set by the 2017 San Pedro Bay Ports Clean Air Action Plan (the "CAAP") goal to achieve a 100-percent zero-emission cargo harbor equipment fleet by 2030. The program consists of four major components: construction of a fourth rack at the Los Angeles Department of Water and Power ("LADWP") power receiving station in Wilmington (the "RS-Q"), and separate projects to construct distribution lines and other electrical infrastructure from the RS-Q to the Outer Harbor, West Basin, and Terminal Island. Design and construction work is anticipated to be done by LADWP, in close coordination with POLA's Engineering Division. POLA expects to use available moneys to fund project costs.

Maritime Services Projects. Following are summaries of certain of POLA's major Maritime Services Projects.

Harbor Administration Building - HVAC Replacement. The project consists of the redesign and replacement of the heating, ventilation, and air conditioning (the "HVAC") system at the POLA's administration building with an electric system in response to the City of Los Angeles policies and commitment for zero carbon in major renovation of buildings. The total project budget is estimated at $14 million and construction is expected to start in 2025, with project completion expected in 2027. POLA expects to use available moneys to fund project costs..

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 associated living resources, as well as environmental assessment documentation. In 2003, POLA 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. Environmental assessments are conducted in accordance with 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, the U.S. Army Corps of Engineers, the California Regional Water Quality Control Board, the California Air Resource Board, the South Coast Air Quality Management District, and the California Department of Toxic Substances Control. POLA is also required to conform to provisions of a number of other State environmental and health safety laws.

In addition to these laws and the implementing regulations, POLA has instituted additional programs and procedures to protect the environment, each of which are designed to, among other things, limit POLA's liabilities. In 2006, POLA and POLB established the Clean Air Action Plan (the "CAAP"). See "Clean Air Action Plan" below. In 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. These programs are backed up by long-term monitoring of the applicable media.

Clean Air Action Plan. In 2006, POLA, together with 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 and again in 2017. 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 risks, diesel particulate matter, nitrogen and sulfur oxides, and greenhouse gases. 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. POLA's voluntary Vessel Speed Reduction ("VSR") Program has been included as part of the CAAP and it has produced notable reductions in ship emissions as they approach and depart POLA. In calendar year 2022, vessel operators calling at POLA, on average, were approximately 96% (at 20 nautical miles) and 93% (at 40 nautical miles) compliant with the VSR Program. The CAAP also includes a Technology Advancement Program ("TAP") that evaluates and demonstrates new and emerging emissions treatment technologies and POLA. In 2008, the CAAP Clean Truck Program (the "Clean Truck Program") was implemented, which essentially replaced older polluting trucks with newer clean trucks, thereby reducing truck emissions by over 90% at POLA and the surrounding communities. According to the POLA Inventory of Air Emissions 2022, through implementation of the CAAP, since 2005, there has been an 88% reduction in diesel particulate matter, a 97% reduction in sulfur oxides, a 62% reduction in nitrogen oxides emissions, and a 4% reduction for greenhouse gases from Port-related sources. The CAAP and its associated various measures have cost POLA over $300 million to date. As a result of continuing initiatives as well as zero-emission truck and cargo-handling equipment goals outlined in the CAAP 2017 Update, the CAAP will continue to require a significant investment by POLA, POLB and private sector businesses to expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on POLA and POLB. Since April 1, 2022, POLA and POLB have charged a Clean Truck Fund ("CTF") rate on all loaded containers entering/exiting POLA and POLB. The purpose of the CTF rate is to generate funds to accelerate the deployment of clean trucks, in support of achieving the goal of zero-emission trucks by 2035. The CTF rate is $10 per loaded 20-foot equivalent unit (TEU) or $20 for containers longer than 20 feet. To date, the CTF rate has generated approximately $74 million for POLA and POLB since implementation. Zero-emissions trucks are permanently exempt from the CTF rate and certain qualified low nitrogen oxides emissions trucks that are placed into service by a specified date receive an exemption from the CTF rate through a specified date. Collected CTF rates will be used to facilitate the purchase of zero-emission trucks and associated infrastructure that services POLA and POLB.

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 "PMA") and the International Longshore and Warehouse Union ("ILWU"). The PMA represents most of the steamship lines, marine terminal operators, car loading bureaus and cargo companies on the Pacific Coast. Most of the ILWU members work under contract with the PMA.

The current contract between the PMA and the ILWU was entered into on June 14, 2023 and was ratified on August 31, 2023, as a six year contract, retroactive to July 1, 2022. This agreement was reached after a contract negotiation process that took 13 months to complete, which included the ILWU membership working without a contract for nearly a year after their prior agreement expired on June 30, 2022.

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 PMA and the ILWU failed to negotiate a new contract, there was a lock out by 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, Local 63 OCU") failed to negotiate a new contract, the approximately 600 clerical workers represented by ILWU, Local 63 OCU 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, Local 63 OCU reached a tentative agreement whereby ILWU, Local 63 OCU 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 uncertainty with the contract negotiations which occurred in 2002, 2012, 2014/2015, and 2022/2023 there has generally been a history of cooperative working relationships between the ILWU and the employer groups represented by the PMA and HEA. Prolonged work slowdowns or stoppages, if they occur, could adversely affect POLA revenues and its ability to pay any Shortfall Advances. 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. To that end, in 2017, POLA created a new division, Labor Relations & Workforce Development, focused on promoting greater coordination with the ILWU, PMA, POLA, and other labor partners. The Labor Relations & Workforce Development was recently renamed the Labor Relations & Government Affairs division and such division continues to work closely with the ILWU, PMA, and all other labor unions and their employers that operate at POLA.

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 POLA and POLB.

In 2021, in response to the supply chain congestion issues, POLA and POLB, under the cooperative working agreement, met to discuss ways to relieve congestion. These meetings brought together POLA and POLB, marine terminal operators, railroads, shipping lines, organized labor, Biden-Harris Administration officials, and other stakeholders to work towards solving ongoing congestion. The meetings began in 2021 and ran through June 2022 and the dialogue and initiatives developed through the meetings helped to resolve the congestion issues experienced at POLA and POLB.

Outstanding Indebtedness

As of December 15, 2023, POLA had approximately $493.8 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 3.00% and 5.00%. POLA has established a Commercial Paper (CP) Program supported by bank credit lines to issue commercial paper notes to provide interim financing primarily for the construction, maintenance and replacement of POLA's structures, facilities and equipment needs. POLA is authorized to issue its CP notes from time to time for up to $375 million, so long as adequate liquidity support for the CP notes is in place, to finance a portion of its capital improvement program on a short-term basis. POLA's liquidity support for its CP program expired in August 2018 and was not subsequently renewed. As a more economical alternative, in June 2019, POLA secured a revolving line of credit, in which it was able to issue and to have outstanding, from time to time, up to $150 million aggregate principal amount of its Harbor Department of the City of Los Angeles Revenue Revolving Obligations. However, such revolving line of credit was never utilized, expired in June 2022, and was not subsequently renewed.

POLA's Parity Obligations (as such term is defined below) 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 fees 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 POLA's Parity Obligations. POLA has no taxing power. POLA's Parity Obligations are senior in payment to POLA's obligation to make Shortfall Advances. "Parity Obligations" as used in this Appendix B, means all revenue bonds, revolving obligations and related bank notes, or notes of POLA authorized, executed, issued and delivered by POLA, and all contracts of POLA authorized and executed by POLA, the payments of which are on a parity with each other, and which are secured by a pledge of and lien on the revenues of POLA.

Audited Financial Statements

The audited financial statements of POLA for the fiscal years ended June 30, 2023 and 2022, and the report of the auditor dated December 15, 2023, are included below as Appendix B-1. Moss Adams 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 POLA addressed in that report. Moss Adams LLP also has not performed any procedures relating to POLA's information included in this Official Statement.

APPENDIX B-1

AUDITED FINANCIAL STATEMENTS OF
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES)
FOR FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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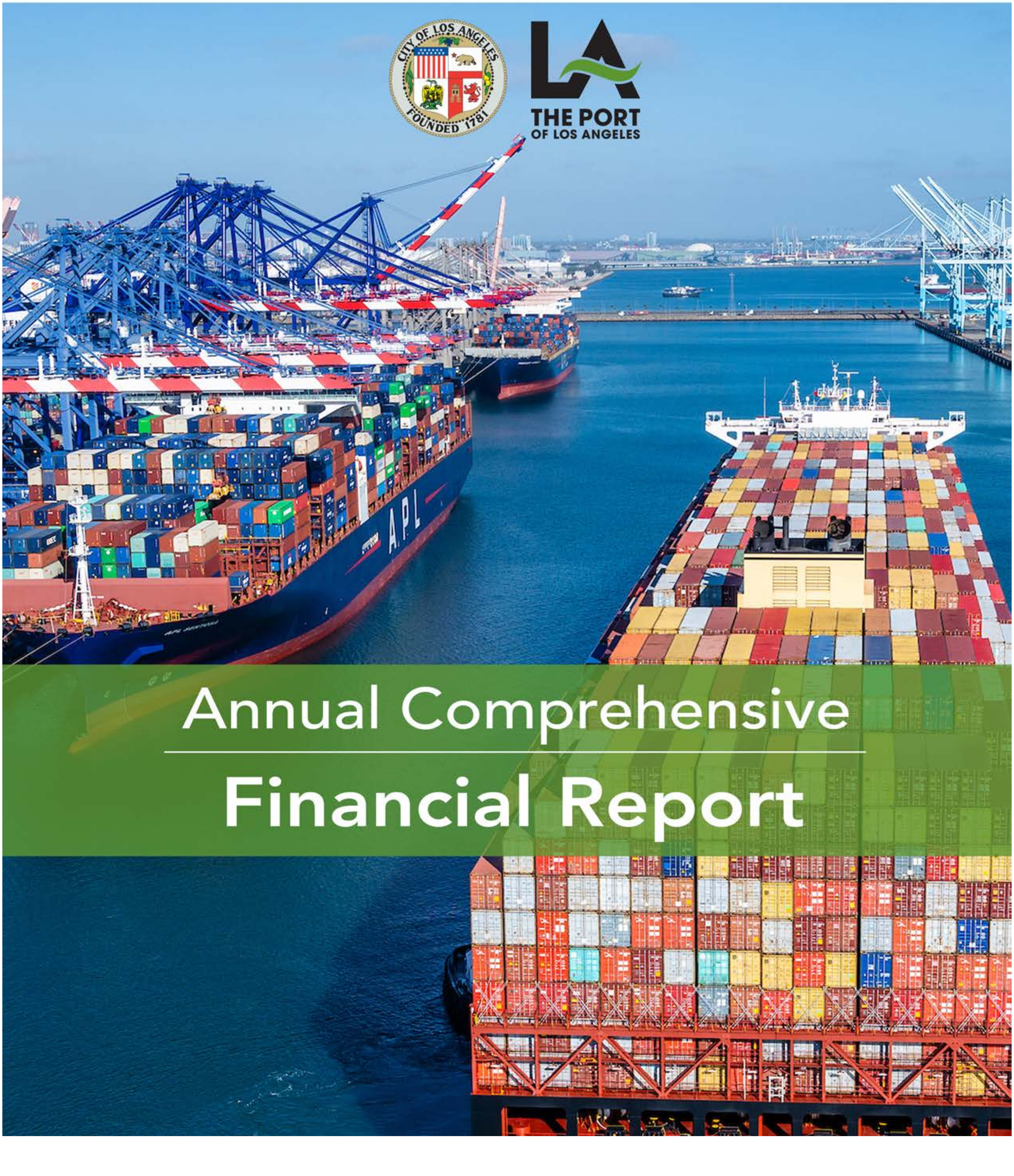
PORT OF LOS ANGELES

**HARBOR DEPARTMENT, A COMPONENT UNIT OF THE CITY OF LOS ANGELES, CALIFORNIA
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**



Annual Comprehensive Financial Report

PORT OF LOS ANGELES

(HARBOR DEPARTMENT, A COMPONENT UNIT
OF THE CITY OF LOS ANGELES, CALIFORNIA)

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

(With Report of Independent Auditors Thereon)

Prepared by:

Finance and Administration Bureau of Port of Los Angeles

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

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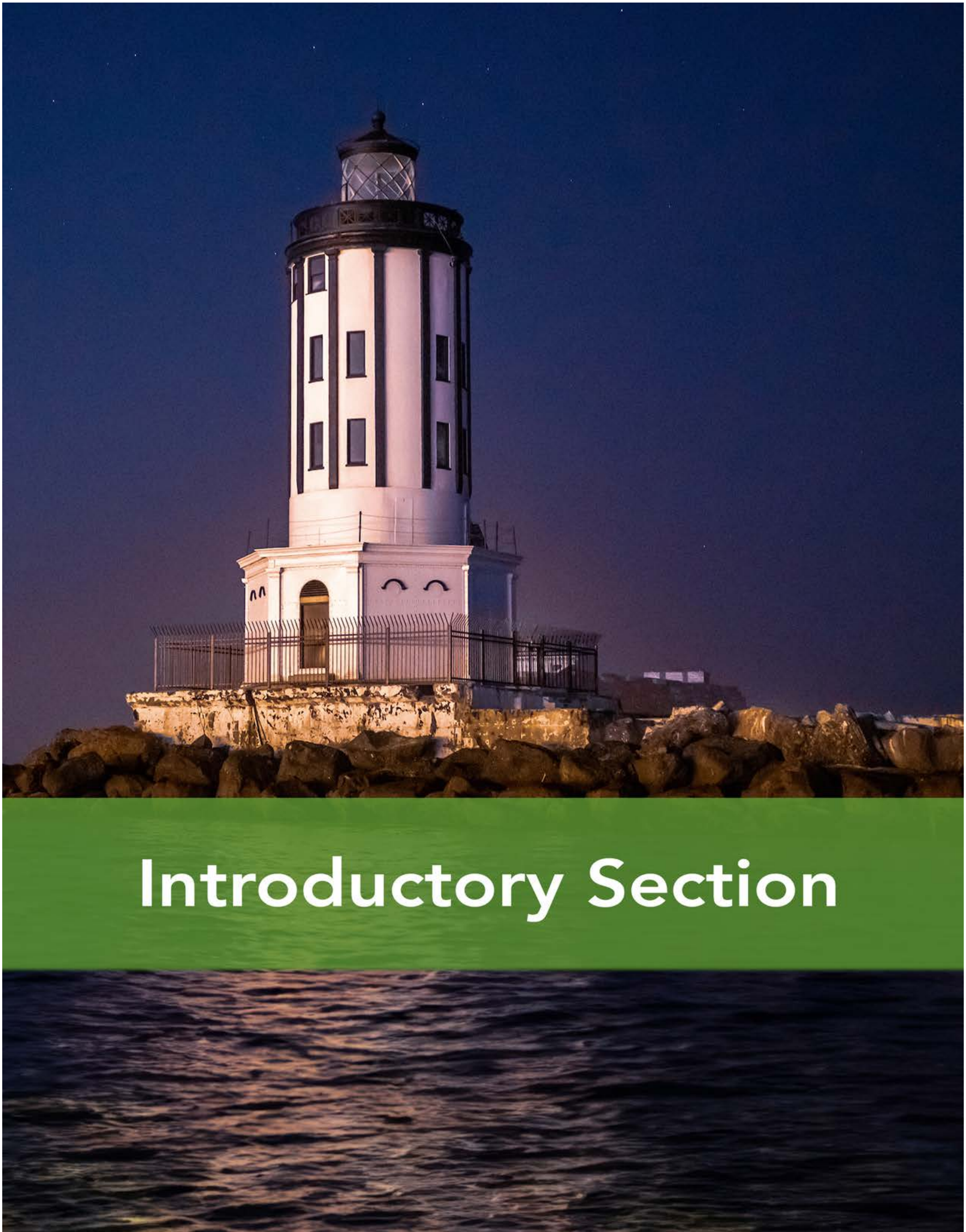


Introductory Section

THE PORT OF LOS ANGELES 425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL/TDD 310 SEA-PORT www.portoflosangeles.org

December 15, 2023

Members of Los Angeles Board of Harbor Commissioners
Mr. Eugene D. Seroka, Executive Director
Port of Los Angeles
San Pedro, California

This Annual Comprehensive Financial Report (ACFR) of the Port of Los Angeles (the Port), Harbor Department of the City of Los Angeles, California (the City), for the fiscal years ended June 30, 2023 and 2022, is hereby submitted.

Introduction

The management of the Port has prepared this annual report and assumes responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. To the best of management's knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in financial position of the Port. All disclosures necessary to enable the reader to gain an understanding of the Port's financial activities have been included.

The report contains the audited financial statements of the Port for the fiscal years ended June 30, 2023 and 2022, which have received an unmodified opinion from the Port's independent auditors and are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A, and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Reporting Entity

The Port is a proprietary department of the City and is held in trust by the City for the people of the State of California (the State) pursuant to a series of tidelands grants. The Port is operated independently from the City, generating its own revenues, and administering and controlling its own expenses and fiscal activities. The Port is governed by the Board of Harbor Commissioners (the Board) which consists of five commissioners, appointed by the Mayor and confirmed by the City Council (the Council).

Most of the properties on which the Port's land, docks, wharves, transit sheds, terminals and other facilities are located is owned by the State and administered by the City through the Port, pursuant to certain tidelands grants from the State. The Port has the duty to provide for the needs of maritime commerce, navigation, fishing and recreation and environmental activities that are water-dependent and are intended to be of statewide benefit. In accordance with GAAP, the accompanying financial statements are included as an Enterprise Fund of the City.

In addition, based on the foregoing criteria of oversight responsibility and accountability of all Port-related entities, the operations of the Los Angeles Harbor Improvements Corporation, a nonprofit corporation, have been included in the accompanying financial statements. Activities of Intermodal Container Transfer Facility Joint Powers Authority and Alameda Corridor Transportation Authority, two joint ventures with the Port of Long Beach, have been recorded as investments of the Port in accordance with the equity method of accounting. Additional information regarding these joint ventures and shareholders agreement may be found in the notes to financial statements for the Port.

The management and operation of the Port are under the direction of the Executive Director, who is responsible for coordinating and directing the activities of several major management groups or bureaus. These bureaus each consist of multiple divisions and fall under the responsibilities of five senior executives who report directly to the Executive Director. The Port's management structure is described in more detail below.

- The Deputy Executive Director of Stakeholder Engagement leads the Stakeholder Engagement Bureau, which consists of the Media Relations and Strategic Communications, Labor Relations and Government Affairs, Community Relations, and Trade Development divisions.

- The Deputy Executive Director of Finance and Administration & Chief Financial Officer leads the Finance and Administration Bureau, which consists of the Contracts and Purchasing, Human Resources, Accounting, Debt and Treasury Management, Financial Planning & Analysis, Internal Audit, and Risk Management divisions.

- The Chief of Public Safety & Emergency Management leads the Public Safety & Emergency Management Bureau, which consists of the Port Pilots, Port Police, and Information Technology divisions.

- The Deputy Executive Director of Marketing & Customer Relations leads the Marketing & Customer Relations Bureau, which consists of the Planning & Strategy, Cargo Marketing, Environmental Management, Waterfront/Commercial Real Estate, and Cargo/Industrial Real Estate divisions.

- The Deputy Executive Director of Development leads the Development Bureau, which consists of the Construction, Goods Movement, Construction and Maintenance, and Engineering divisions.

The Port is located in the San Pedro Bay, approximately 20 miles south of downtown Los Angeles. The Port'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.

The Port operates primarily as a landlord, as opposed to an operating port. Its docks, wharves, transit sheds, and terminals are leased to shipping or terminal companies, agents, and to other private firms. Although the Port owns these facilities, it has no direct hand in managing the daily movement of cargo. The Port is a landlord to close to 300 entities. In addition to major terminal operators, other tenants include marinas, commercial fishing operations, cruise operations, restaurants, and recreational facilities.

The major sources of income for the Port are from shipping services (wharfage, dockage, pilotage, space assignment charges, etc.), land rentals, fees, concessions, and royalties. It currently serves approximately 80 shipping companies and agents with facilities that include 270 berthing facilities along 43 miles of waterfront.

In terms of its size and volume, the Port is one of the world's largest and busiest ports. The Port encompasses approximately 4,300 acres of land and 3,200 acres of water. The Port is a deep-water port with a minimum depth of 45 feet below mean low water mark and 53 feet in its main channel and at the bulk loader and supertanker channels. Two major railroads serve the Port.

The Port lies at the terminus of two major freeways within the Los Angeles freeway system. Subsurface pipelines link the Port to major refineries and petroleum distribution terminals within the Los Angeles Basin.

The Port handles the largest volume of containerized cargo of all U.S. ports, and additionally ranks as number one in cargo value for U.S. waterborne foreign traffic. The Port's major trading partners, concentrated along the Pacific Rim, include China/Hong Kong, Japan, South Korea, Taiwan, and Vietnam. Cargo to and from these countries represents the bulk of the total value of all cargo shipped through the Port.

The Port must be financially self-sufficient through the revenues it generates as it has no taxing authority. When appropriate, it seeks to obtain State and Federal funding for defined projects. The Port continues to maintain credit ratings/outlooks of Aa2/Stable, AA+/Stable, and AA/Stable with Moody's Investors Service, S&P Global Ratings, and Fitch Ratings, respectively. These are the highest credit ratings for any stand-alone U.S. port.

Initiatives and Developments

The Port aims to continue to maintain its competitive edge by developing infrastructure that promotes growth and supports efficiency, secure, and sustainable port operations. As such, the Port has adopted a capital budget of $252.3 million in fiscal year 2023. Comprising 12.49% of its total budget of $2.0 billion, the adopted capital expenditures include $216.5 million for direct costs of capital improvement projects, indirect costs of $19.7 million in overhead costs, and $16.1 million for capital equipment. The adopted capital expenditures of $216.5 million include $99.5 million for terminal improvement projects, $22.5 million for transportation projects, $24.5 million for public access/environmental enhancement projects, $2.0 million for security projects, and $68.0 million for maritime services.

Award and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port for its ACFR for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This ACFR must satisfy GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Publication of this ACFR is a reflection of the excellence and professionalism of the Port's entire staff. The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Bureau. We wish to thank all Port's divisions for their assistance in providing the data necessary to prepare this report.

Sincerely,

Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director and Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Los Angeles
California

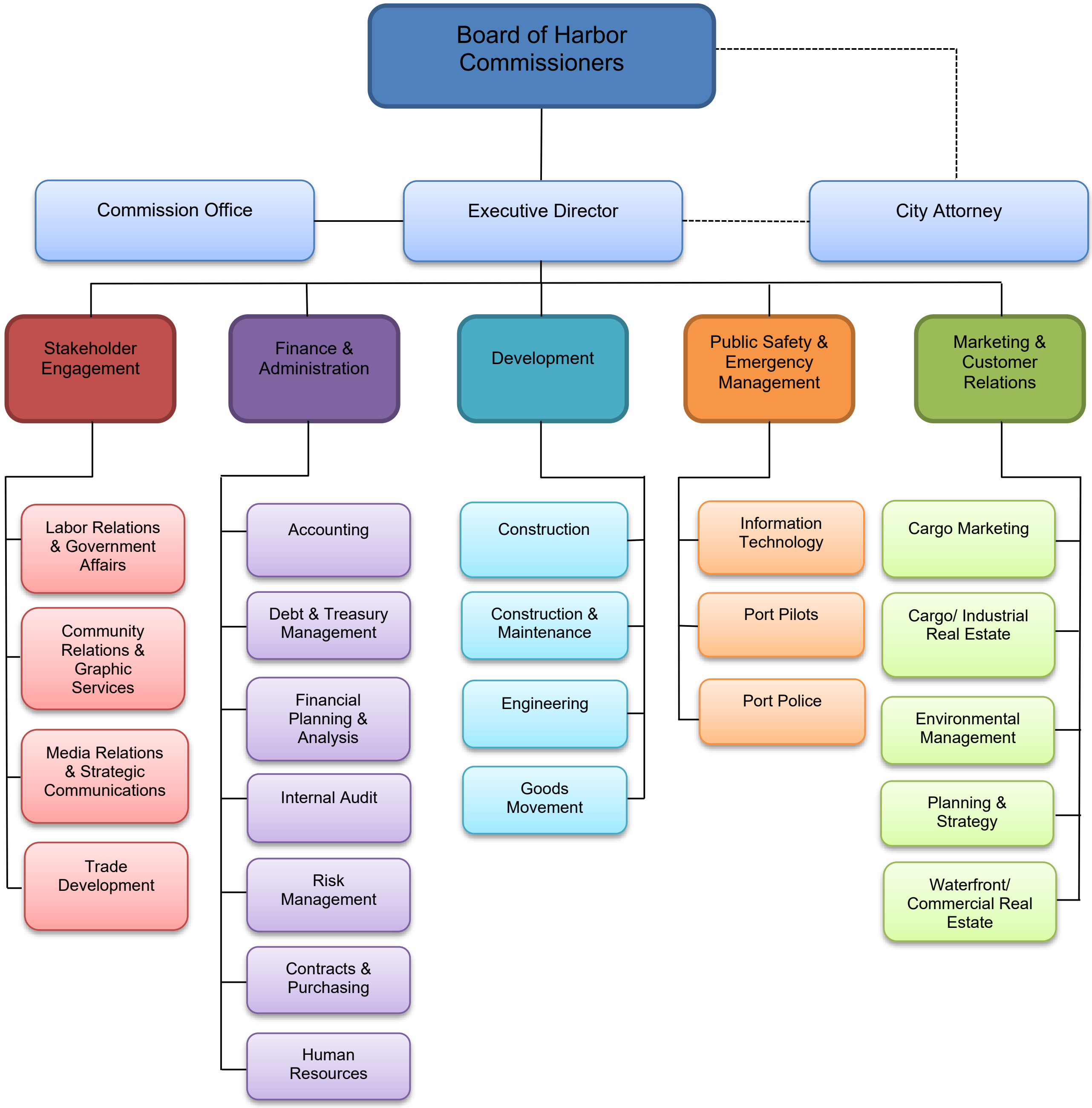
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)
Organizational Chart



PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

BOARD OF HARBOR COMMISSIONERS [1]

Lucille
Roybal-Allard
President

Diane Middleton
Vice President

Michael Muñoz
Commissioner

Edward R. Renwick
Commissioner

I. Lee Williams
Commissioner

EXECUTIVE STAFF [1]

Eugene D. Seroka
Executive Director

Marla Bleavins
Deputy Executive Director of
Finance & Administration
and Chief Financial Officer

Tony Gioiello
Deputy Executive Director of
Development

Thomas Gazsi
Chief of Public Safety &
Emergency Management

Michael DiBernardo
Deputy Executive Director of
Marketing & Customer Relations

David Libatique
Deputy Executive Director of
Stakeholder Engagement

MANAGEMENT STAFF [1]

Randall Allen
Deputy Chief of Port Police

Dina Aryan-Zahlan
Chief Harbor Engineer of Design

Arley Baker
Senior Director of
Communications

Jennifer Bersales
Director of Risk Management

Angela Brown-Simpson
Director of Human Resources

Erica Calhoun
Commission Office

Christopher Cannon
Director of Environmental
Management

Tricia Carey
Director of Contracts &
Purchasing

Eric Caris
Director of Cargo Marketing

Kerry Cartwright
Director of Goods Movement

Tim Clark
Director of Construction &
Maintenance

Marisela Caraballo DiRuggiero
Director of Trade Development

Capt. John Dwyer
Pilot Service

Capt. David Craig Flinn
Pilot Service

Michael Galvin
Director of Waterfront &
Commercial Real Estate

Marisa Katnich
Director of Cargo/Industrial Real
Estate

Michael Keenan
Director of Planning & Strategy

Frank Liu
Director of Accounting

Soheila Sajadian
Director of Debt & Treasury
Management

Phillip Sanfield
Director of Media Relations

Shaun Shahrestani
Chief Harbor Engineer of
Construction

Avin Sharma
Director of Labor Relations &
Government Affairs

Barbara Steelman
Director of Internal Audit

Jeffrey Strafford
Director of Financial Planning &
Analysis

Sheeba Varughese
Director of Information
Technology

CITY ATTORNEY STAFF

Steven Otera
General Counsel

(1) As of July 20, 2023.

Financial Section

MOSSADAMS

Report of Independent Auditors

The Members of the Board of Harbor Commissioners
Port of Los Angeles
City of Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the "Port"), an Enterprise Fund of the City of Los Angeles (the "City"), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Port as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the Port's net position, the changes in net position, and cash flows of and do not purport to, and do not, present fairly the net position of the City of Los Angeles as of June 30, 2023 and 2022, the changes in City's net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 of the financial statements, the Port adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021. The financial statements have been retroactively restated in accordance with the requirements of the new accounting standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, schedule of proportional share of net pension liability, schedule of pension contributions, schedule of proportionate share of the net other postemployment benefits (OPEB) liability and schedule of OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Moss Adams LLP

El Segundo, California
December 15, 2023

Using This Financial Report

The management of the Port of Los Angeles (the Port) presents an overview of the Port's financial performance during the fiscal years ended June 30, 2023 and 2022. This discussion and analysis should be read in conjunction with the transmittal letter on pages 1-4 and the Port's financial statements starting from page 40.

The Port's financial report consists of this management's discussion and analysis (MD&A), and the following financial statements:

- *Statements of Net Position* – present information of all of the Port's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2023 and 2022. The sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as net position, which over time may increase or decrease and serves as an indicator of the Port's financial position.

- *Statements of Revenues, Expenses, and Changes in Net Position* – present the results of operations during the current and prior fiscal year. These show the sources of the Port's revenues and its expenses. Revenues and expenses are recorded and reported for some items that will result in cash flows in future periods. Changes in net position are reported when the underlying events occurred, regardless of the timing of the related cash flows.

- *Statements of Cash Flows* – present the inflows and outflows of cash and cash equivalents resulting from operating, noncapital financing, capital and related financing, and investing activities. A reconciliation is also provided to assist in understanding the difference between operating income and cash flows from operating activities.

- *Notes to Financial Statements* – present information that is not displayed on the face of the financial statements. Such information is essential to a full understanding of the Port's financial activities.

Continued…..

Overview of the Port's Financial Statements

The Port is a fiscally independent department and an enterprise fund of the City of Los Angeles, California (the City). The Port's financial statements are prepared on an accrual basis using the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The notes to financial statements on pages 47 to 113 provide additional information that is essential to a full understanding of the data provided in the financial statements. For the adoption of GASB Statement No. 87, "Leases" (GASB No.87), the financial statements for the fiscal year ended June 30, 2021 have been restated effective at the beginning of fiscal year 2021. For the adoption of GASB Statement No. 96, "Subscription-based Information Technology Arrangements" (GASB No.96), the financial statements for the fiscal year ended June 30, 2022 have been restated effective at the beginning of fiscal year 2022.

Financial Highlights for Fiscal Year 2023

- Current assets exceeded current liabilities by $1.3 billion.
- Lease receivable amounted to $296.0 million.
- Capital assets, net of accumulated depreciation and amortization of $3.0 billion amounted to $3.6 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $4.1 billion.
- Bonded debt net of unamortized discounts/premiums of $45.3 million, totaled $582.4 million.
- Deferred inflows of resources related to leases amounted to $277.0 million.
- Operating revenue amounted to $656.4 million.
- Net operating expenses excluding depreciation of $194.9 million amounted to $299.4 million.
- Capital contributions amounted to $43.5 million.

Continued…..

Financial Highlights for Fiscal Year 2022 (Restated)

- Current assets exceeded current liabilities by $1.1 billion.
- Lease receivable amounted to $308.9 million.
- Capital assets, net of accumulated depreciation and amortization of $2.8 billion amounted to $3.7 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $3.9 billion.
- Bonded debt net of unamortized discounts/premiums of $54.4 million, totaled $631.7 million.
- Deferred inflows of resources related to leases amounted to $296.2 million.
- Operating revenue amounted to $627.8 million.
- Net operating expenses excluding depreciation of $147.6 million amounted to $253.9 million.
- Capital contributions amounted to $11.9 million.

Continued…..

Analysis of Net Position

Net position is the sum of assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as an indicator of whether the Port's financial position is improving or deteriorating. The following is a condensed summary of the Port's net position as of June 30, 2023, 2022, and 2021 (in thousands):

Condensed Net Position

		(Restated)	(Restated)	Increase (Decrease) Over Prior Year	
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Assets					
Current and other assets	$ 1,751,155	$ 1,589,534	$ 1,454,114	$ 161,621	$ 135,420
Capital assets, net	3,635,896	3,693,342	3,741,442	(57,446)	(48,100)
Total assets	5,387,051	5,282,876	5,195,556	104,175	87,320
Deferred outflows of resources	106,509	90,461	114,321	16,048	(23,860)
Liabilities					
Current liabilities	180,043	191,269	173,860	(11,226)	17,409
Long-term liabilities	931,355	874,490	1,107,394	56,865	(232,904)
Total liabilities	1,111,398	1,065,759	1,281,254	45,639	(215,495)
Deferred inflows of resources	305,687	441,064	329,995	(135,377)	111,069
Net position					
Net investment in capital assets	3,057,698	3,064,900	3,017,302	(7,202)	47,598
Restricted	76,320	37,452	42,435	38,868	(4,983)
Unrestricted	942,457	764,162	638,891	178,295	125,271
Total net position	$ 4,076,475	$ 3,866,514	$ 3,698,628	$ 209,961	$ 167,886

Net Position, Fiscal Year 2023

The largest portion of the Port's net position ($3.1 billion or 75.0%) reflects its net investment in capital assets (e.g., land, facilities and equipment, construction in progress and intangible assets). These assets are used for the construction, operation and maintenance of Port facilities. An additional portion of the Port's net position ($76.3 million or 1.9%) represents resources that are restricted for the debt service reserve fund and clean air program. The remaining balance of $942.5 million or 23.1% are unrestricted resources that may be used to meet the Port's ongoing obligations.

Continued…..

Current and other assets increased by $161.6 million or 10.2% from $1,589.5 million in fiscal year 2022 to $1,751.1 million in fiscal year 2023. This increase in current assets occurred due to higher year-over-year unrestricted cash levels.

Unrestricted and restricted cash, cash equivalents, and investments consist primarily of cash and pooled investments held by the City Treasury on behalf of the Port. The increase of $175.7 million from $1,203.5 million at June 30, 2022 to $1,379.2 million at June 30, 2023 was primarily due to the aforementioned increased unrestricted cash levels. Unrestricted cash increased over the course of the fiscal year as cash receipts derived from operating income and nonoperating sources more than sufficiently covered capital spending needs, debt service obligations, pollution remediation payments and workers' compensation payments. At June 30, 2023, the Port's share in the fair value adjustment of the City's pooled investments reflected a net increase of $52.3 million. The Port reported additional investments of $12.7 million from its share in the City's investment purchases on June 30, 2023, and $5.3 million in securities lending transactions.

Accounts receivable, net of allowance for doubtful accounts, increased by $14.8 million or 39.6% due to a rate increase in container movement charges for intermodal facility. Grants receivable increased by $5.9 million or 208.5% as more amount of grant invoices remained outstanding at fiscal year-end relative to prior fiscal year.

Lease receivable decreased by $12.9 million from $308.9 million at June 30, 2022 to $296.0 million at June 30, 2023. The decrease represents $46.8 million in the principal portion of lease payments received from tenants and adjustments from remeasurements of leases offset by $33.9 million for recognizing new leases executed in fiscal year 2023.

Capital assets, net of depreciation and amortization decreased by $57.4 million or 1.6% as the increase in accumulated depreciation associated with the Port's existing facilities and equipment more than offset the increase in new capital assets associated with capital project development and construction in progress.

Current liabilities decreased by $11.2 million or 5.9% as decreases of $10.7 million in obligations from securities lending transactions, $1.5 million in fiscal year end accruals for construction costs, $0.8 million in accrued interest payable and $9.7 million in other current liabilities were offset by increases of $5.8 million in accounts payable for goods and services received in the fiscal year, $3.1 million in current portion of outstanding bonds payable, $2.6 million in accrued salaries and employee benefits.

Long-term liabilities increased by $56.9 million or 6.5% were due to increases of $103.1 million in net pension liabilities, $8.8 million in net postemployment benefits other than pensions (other postemployment benefits or OPEB) liabilities, and $0.8 million in the noncurrent portion of lease liabilities offset by $52.4 million in the noncurrent portion of bonds payable arising from the customary repayment of principal conjunction with the Port's debt activities, $2.7 million in the net balances of other noncurrent liabilities, and $0.7 million in subscription liabilities. The increase of $103.1 million in net pension liabilities and $8.8 million in net OPEB liabilities was attributable mainly to the return on pension plans' assets were less than assumed return in the actuarial valuation. Additional information regarding the Port's proportionate shares of pension and OPEB liabilities may be found in Notes 13 and 14, respectively.

Deferred inflows of resources related to leases decreased by $19.3 million from $296.2 million at June 30, 2022 to $277.0 million at June 30, 2023. The decrease represents $53.1 million for terminations of leases

Continued…..

and the recognition of lease revenues in a systematic and rational manner over the terms of leases offset by $33.9 million for recognizing new leases executed in fiscal year 2023.

Net Position, Fiscal Year 2022 (Restated)

The largest portion of the Port's net position ($3.1 billion or 79.3%) reflects its net investment in capital assets (e.g., land, facilities and equipment, construction in progress and intangible assets). These assets are used for the construction, operation and maintenance of Port facilities. An additional portion of the Port's net position ($37.5 million or 1.0%) represents resources that are restricted for the debt service reserve fund. The remaining balance of $764.2 million or 19.7% are unrestricted resources that may be used to meet the Port's ongoing obligations.

Current and other assets increased by $135.4 million or 9.3% from $1,454.1 million in fiscal year 2021 to $1,589.5 million in fiscal year 2022. This increase in current assets occurred due to higher year-over-year unrestricted cash levels.

Unrestricted and restricted cash, cash equivalents, and investments consist primarily of cash and pooled investments held by the City Treasury on behalf of the Port. The increase of $125.9 million from $1,077.6 million at June 30, 2021 to $1,203.5 million at June 30, 2022 was primarily due to the aforementioned increased unrestricted cash levels. Unrestricted cash increased over the course of the fiscal year as cash receipts derived from operating income and nonoperating sources more than sufficiently covered capital spending needs, debt service obligations, pollution remediation payments and workers' compensation payments. At June 30, 2022, the Port's share in the fair value adjustment of the City's pooled investments reflected a net decrease of $45.1 million. The Port reported additional investments of $15.6 million from its share in the City's investment purchases on June 30, 2022, and $16.0 million in securities lending transactions.

Accounts receivable, net of allowance for doubtful accounts, decreased by $6.0 million or 13.7% due to a decrease in cargo volumes after a dramatic rise in cargo imports resulting from restocking of retail shelves and e-commerce buying surge in prior fiscal year. Grants receivable increased by $0.5 million or 18.8% as more amount of grant invoices remained outstanding at fiscal year-end relative to prior fiscal year.

Lease receivable decreased by $5.5 million from $314.4 million at June 30, 2021, to $308.9 million at June 30, 2022. The decrease represents $36.0 million in the principal portion of lease payments received from tenants offset by $29.5 million for recognizing new leases executed in fiscal year 2022.

Capital assets, net of depreciation and amortization decreased by $48.1 million or 1.3% as the increase in accumulated depreciation associated with the Port's existing facilities and equipment more than offset the increase in new capital assets associated with capital project development and construction in progress, as well as the recognition of discontinued projects in the amount of $22.5 million. Right-to-use (RTU) subscription assets of $3.0 million was recognized initially for the implementation of GASB Statement No. 96, "Subscription-based Information Technology Arrangements." at the beginning of fiscal year 2022. The decrease of $0.3 million from $3.0 million at July 1, 2021 to $2.7 million at June 30, 2022 represents amortization of these RTU subscription assets.

Continued…..

Current liabilities increased by $17.4 million or 10.0% as increases of $11.5 million in accounts payable for goods and services received in the fiscal year, $8.7 million in obligations from securities lending transactions, and $7.8 million in other current liabilities were offset by decreases of $7.0 million in current portion of outstanding bonds payable, $1.8 million in accrued interest payable, $1.3 million in accrued salaries and employee benefits, $0.5 million in fiscal year end accruals for construction costs.

Long-term liabilities decreased by $232.9 million or 21.0% were due to decreases of $119.2 million in net pension liabilities, $25.5 million in net postemployment benefits other than pensions (other postemployment benefits or OPEB) liabilities, and $92.7 million in the noncurrent portion of bonds payable offset by increases of $2.3 million in subscription liability and $2.2 million in the net balance of other noncurrent liabilities. The decrease of $92.7 million in the noncurrent portion of bonds payable was attributable to the redemption of 2011 Series Bonds, as well as the customary repayment of principal conjunction with the Port's debt activities. The decrease of $119.2 million in net pension liabilities and $25.5 million in net OPEB liabilities was attributable to the return on pension plans' assets were more than assumed return in the actuarial valuation, changes in the actuarial assumptions, and salary increases for continuing active members. Additional information regarding the Port's proportionate shares of pension and OPEB liabilities may be found in Notes 13 and 14, respectively. Subscription liability of $3.0 million was recognized initially for the implementation of GASB Statement No. 96, *"Subscription-based Information Technology Arrangements."* at the beginning of fiscal year 2022. The decrease of $0.7 million from $3.0 million at July 1, 2021 to $2.3 million at June 30, 2022 represents the principal portion of subscription payments.

Deferred inflows of resources related to leases decreased by $12.6 million from $308.8 million at June 30, 2021 to $296.2 million at June 30, 2022. The decrease represents $42.1 million for the recognition of lease revenues in a systematic and rational manner over the terms of leases offset by $29.5 million for recognizing new leases executed in fiscal year 2022.

Continued…..

Analysis of the Port's Activities

The following table presents condensed information showing how the Port's net position changed during fiscal years 2023, 2022 and 2021 (in thousands):

Condensed Changes in Net Position

	FY 2023	(Restated) FY 2022	(Restated) FY 2021	Increase (Decrease) Over Prior Year FY 2023	FY 2022
Operating revenue	$ 656,400	$ 627,842	$ 569,713	$ 28,558	$ 58,129
Less: Operating expenses	299,420	253,900	272,983	45,520	(19,083)
Operating income before depreciation and amortization	356,980	373,942	296,730	(16,962)	77,212
Less: Depreciation and amortization	194,869	147,569	154,295	47,300	(6,726)
Operating income	162,111	226,373	142,435	(64,262)	83,938
Net nonoperating revenue (expenses)	4,345	(70,393)	(12,946)	74,738	(57,447)
Income before capital contributions	166,456	155,980	129,489	10,476	26,491
Capital contributions	43,505	11,906	7,116	31,599	4,790
Changes in net position	209,961	167,886	136,605	42,075	31,281
Net position, July 1	3,866,514	3,698,628	3,562,023	167,886	136,605
Net position, June 30	$ 4,076,475	$ 3,866,514	$ 3,698,628	$ 209,961	$ 167,886

Changes in Net Position, Fiscal Year 2023

The Port reported a $210.0 million change in net position in fiscal year 2023, a 25.1% increase as compared to fiscal year 2022. Approximately $565.3 million or 86.1% of total operating revenues were derived from fees for shipping services and leasing of facilities to customers. Since the Port operates as a landlord, operating expenses are principally administrative in nature. Operating expenses were higher by $45.5 million in fiscal year 2023 compared to the previous fiscal year.

Depreciation expense increased by $45.5 million to $194.9 million in fiscal year 2023 from $147.6 million in fiscal year 2022, primarily due to certain assets being trued up for shorter useful lives for depreciation representing a change in estimated useful life of those assets.

Net nonoperating revenues for fiscal year 2023 totaled $4.3 million include: $4.5 million of net investment income, $1.9 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, $10.2 million from interest income on the Port's leasing activities as a lessor, $32.9 million from grant revenues offset by $27.3 million from pass through grant expenses and $17.8 million of interest expenses on indebtedness, leases and subscriptions liabilities.

Continued…..

As a result, income before capital contributions increased by $10.5 million or 6.7% to $166.5 million in fiscal year 2023 from $156.0 million in fiscal year 2022.

Capital contributions increased by $31.6 million from $11.9 million earned in fiscal year 2022 to $43.5 million in fiscal year 2023 with more grant-funded initiatives in fiscal year 2023 relative to fiscal year 2022. Capital grants in fiscal year 2023 funded initiatives such as Port Worker Training Facility project ($30.0 million) and Terminal Island Railyard Enhancement project ($13.2 million).

Changes in Net Position, Fiscal Year 2022 (Restated)

The Port reported a $167.9 million change in net position in fiscal year 2022, a 22.9% increase as compared to fiscal year 2021. Approximately $572.7 million or 91.2% of total operating revenues were derived from fees for shipping services and leasing of facilities to customers. Since the Port operates as a landlord, operating expenses are principally administrative in nature. Operating expenses were lower by $19.1 million in fiscal year 2022 compared to the previous fiscal year.

Depreciation expense decreased by $6.7 million to $147.6 million in fiscal year 2022 from $154.3 million in fiscal year 2021, primarily due to certain assets being fully depreciated in the prior year or trued up their lives for depreciation.

Net nonoperating expenses for fiscal year 2022 totaled $70.4 million include: $47.7 million of net unrealized loss for fair value adjustment of investments, $22.5 million of expenses resulting from certain construction projects being discontinued during the fiscal year, $19.0 million of interests on indebtedness, leases and subscriptions, $18.5 million from pass through grant expenses, and $0.7 million of other nonoperating expenses offset by $1.5 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, $2.2 million from noncapital grants, $18.3 million from pass through grant revenue, $10.2 million from interest income on the Port's leasing activities as a lessor, as well as $5.8 million from various rebates, reimbursements, and miscellaneous other receipts.

As a result, income before capital contributions increased by $26.5 million or 20.5% to $156.0 million in fiscal year 2022 from $129.5 million in fiscal year 2021.

Capital contributions increased by $4.8 million from $7.1 million earned in fiscal year 2021 to $11.9 million in fiscal year 2022 with more grant-funded initiatives in fiscal year 2022 relative to fiscal year 2021. Capital grants in fiscal year 2022 funded initiatives such as land mobile radio system upgrade Phase III project ($3.4 million), Everport Terminal Improvement project ($3.0 million), and Alameda corridor Southern Terminus Gap Closure project ($5.5 million).

Continued…..

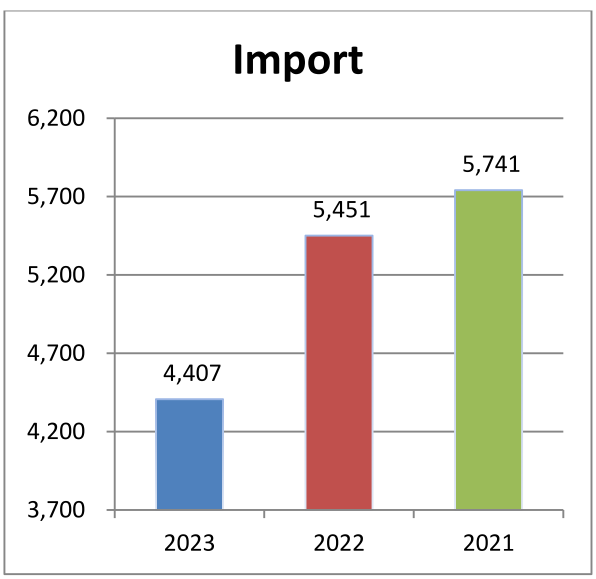
Operating Revenue

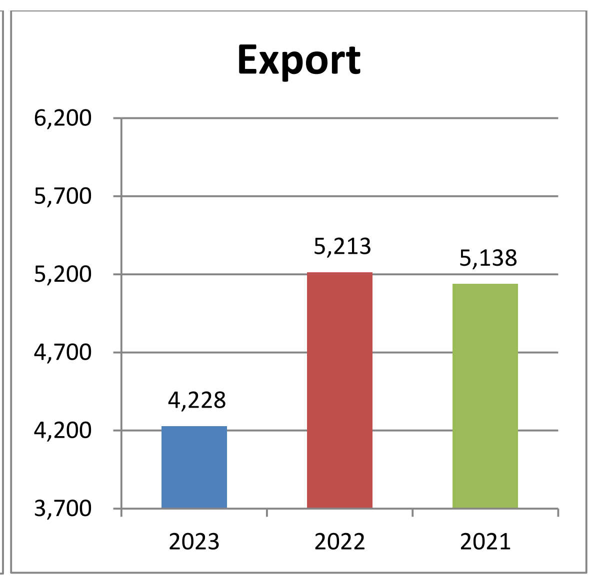
Annual container counts for the Port in twenty-foot equivalent units (TEUs), a standard measurement used in the maritime industry for measuring containers of varying lengths, for the last three fiscal years are as follows (in thousand TEUs):

Container Volume	In thousand TEUs			% Change Over Prior Year	
(Loaded and Empty)	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Import	4,407	5,451	5,741	-19.2%	-5.1%
Export	4,228	5,213	5,138	-18.9%	1.5%
Total	8,635	10,664	10,879	-19.0%	-2.0%

The Port is the number one port by container volume in North America. Overall container volume totaled 8.6 million TEUs in fiscal year 2023 which represented a 19.0% decrease relative to the prior fiscal year. The decrease in container volume was primarily due to changes in spending patterns by consumers following the pandemic.

Following is the graphical presentation of the Port's container counts (in thousand TEUs) for fiscal years 2023 to 2021:





In Thousand TEUs

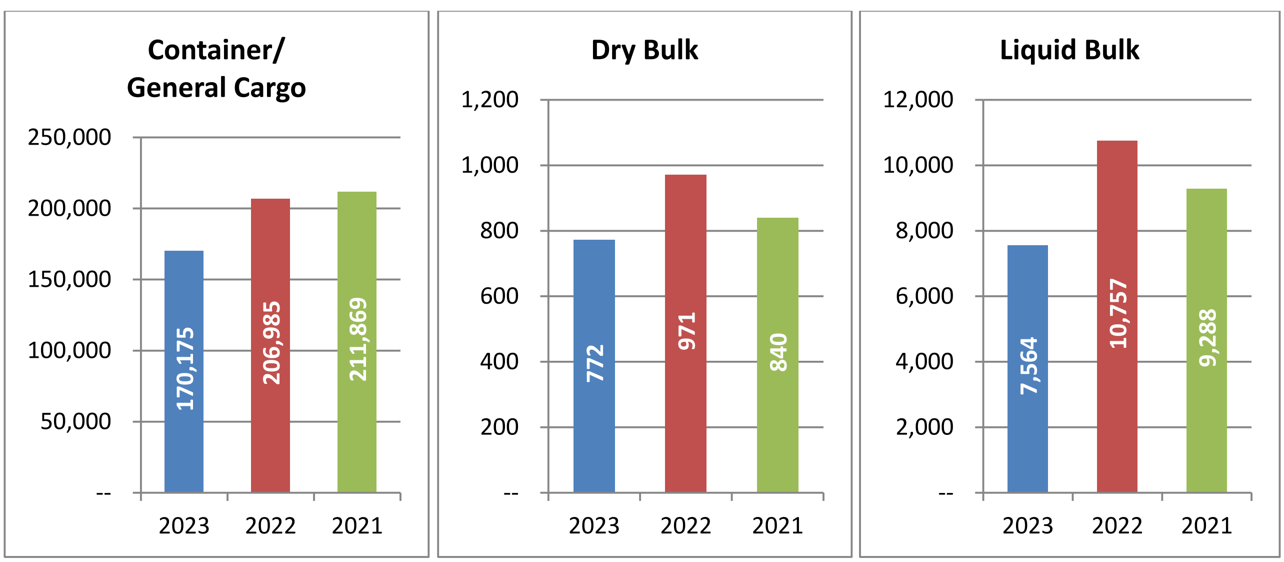
Continued…..

The Port is the leading seaport in North America in terms of shipping container volume. The following presents a summary of cargo volumes by major classification handled by the Port for the last three fiscal years (in thousands):

	In Metric Revenue Tons			% Change Over Prior Year	
Cargo Type	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Container/general cargo	170,175	206,985	211,869	-17.8%	-2.3%
Dry bulk	772	971	840	-20.5%	15.6%
Liquid bulk	7,564	10,757	9,288	-29.7%	15.8%
Total	178,511	218,713	221,997	-18.4%	-1.5%

Information for the cargo volume that moved through the Port for the last ten fiscal years may be found in the Revenue Statistics in Statistical Section.

Following is the graphical presentation of the Port's cargo volumes for fiscal years 2023 to 2021 in thousand metric tons:



In Thousand Metric Tons

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The Port's major sources of its operating revenues are derived from shipping services, rental fees, royalties and other concession fees. The following table presents a summary of the Port's operating revenues during fiscal years 2023, 2022 and 2021 (in thousands):

Summary of Operating Revenues

			(Restated)	Increase (Decrease) Over Prior Year	
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Shipping services					
Wharfage	$ 405,046	$ 441,966	$ 435,513	$ (36,920)	$ 6,453
Dockage and demurrage	3,742	6,047	4,716	(2,305)	1,331
Pilotage	13,209	13,432	10,682	(223)	2,750
Assignment charges	26,011	24,397	12,938	1,614	11,459
Total shipping services	448,008	485,842	463,849	(37,834)	21,993
Rentals					
Land	115,375	85,092	76,475	30,283	8,617
Other	1,915	1,745	1,706	170	39
Total rentals	117,290	86,837	78,181	30,453	8,656
Royalties and other fees					
Fees, concessions, and royalties	8,094	5,418	1,693	2,676	3,725
Clean truck program fees	41,219	17,999	2,285	23,220	15,714
Other	41,789	31,746	23,705	10,043	8,041
Total royalties and other fees	91,102	55,163	27,683	35,939	27,480
Total operating revenues	$ 656,400	$ 627,842	$ 569,713	$ 28,558	$ 58,129

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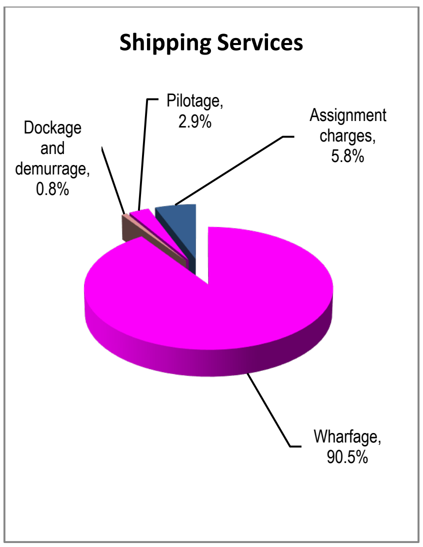
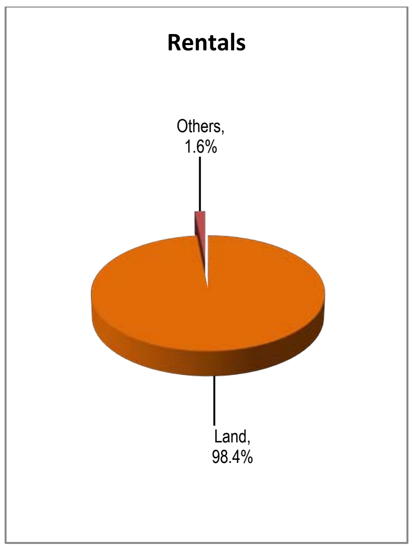
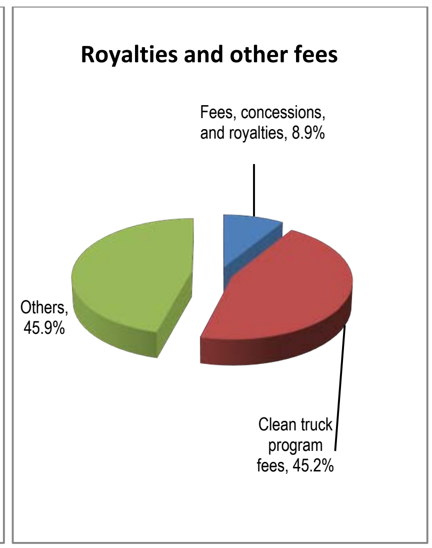
The following charts show the major components of the Port's sources of operating revenue for fiscal years 2023 and 2022:

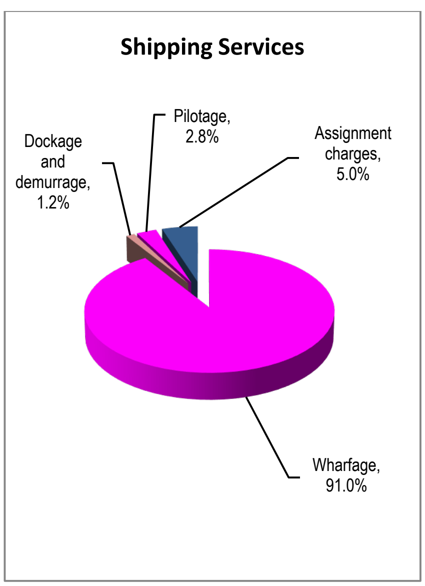
Fiscal Year 2023

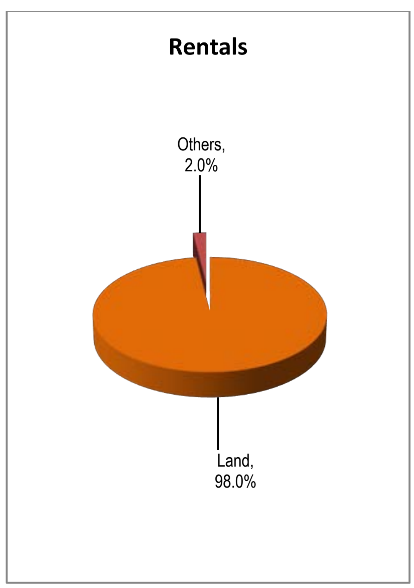


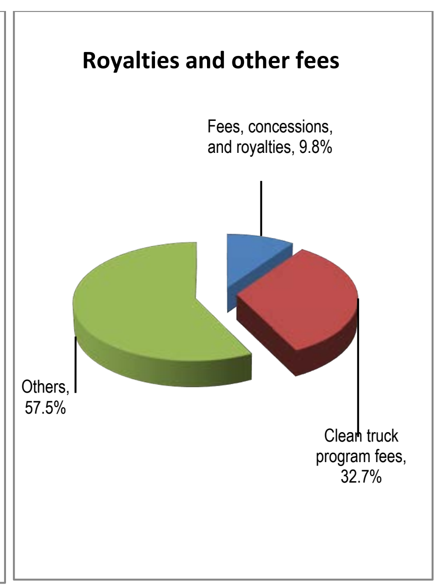




Fiscal Year 2022 (Restated)







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Operating Revenue, Fiscal Year 2023

Operating revenue for fiscal year 2023 increased to $656.4 million, reflecting a 4.5% increase from the prior year revenue of $627.8 million. The increase was primarily due to higher rental revenues, higher clean truck program utilization, higher space assignment rates, and higher harbor maintenance tax receipts. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and other fees.

Shipping Services

Shipping services revenues represented 68.3% of fiscal year 2023 total operating revenues and consist of several classifications of fees assessed for various activities relating to vessel and cargo movement. Of these fees, wharfage is the most significant and comprised 90.4% of the total shipping service revenues in fiscal year 2023. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was $36.9 million lower compared to fiscal year 2022 mainly due to lower cargo volumes. Other shipping services revenues were $0.9 million lower as dockage, demurrage, pilotage revenues decreased by $2.5 million offset by $1.6 million in higher assignment revenues.

Rentals

The Port generates revenues from making available various types of rental properties such as land, buildings, warehouses, wharves, and sheds. Rates are negotiated for these properties based upon two general classifications, waterfront and backland. Independent appraisals are performed periodically to establish benchmark rates for these properties. Rates ultimately set in land rental agreements may be adjusted, within reason, to reflect general market conditions. Rates for other categories of properties are also set taking into account the condition, location, utility, and other aspects of the property.

During fiscal year 2023, rental income at the Port, which represented 17.9% of fiscal year 2023 total operating revenues, increased by $30.5 million, or 35.1%, over last fiscal year. The increase was mainly due to net rental rate increases from rent reset, customary periodic rent increases, and new permits.

Royalties, Fees, and Other Operating Revenue

The Port levies fees for a variety of activities conducted on the Port properties. Examples include royalties from the production of oil and natural gas, fees for parking lots, motion picture productions, foreign trade zone operations, miscellaneous concessions, distribution of utilities, and maintenance and repair services conducted by the Port at the request of customers. Starting in 2022, Clean Truck Program fees are collected as a key component of the San Pedro Bay Ports Clean Air Action Plan.

Revenues from royalties, fees, and other operating revenues in fiscal year 2023 was $91.1 million or 13.8% of the total operating revenues. This represented an increase of $35.9 million in this revenue category compared with fiscal year 2022 mainly due to $23.2 million increase in Clean Truck program revenues, $12.6 million in higher harbor maintenance tax receipts, $6.8 million in higher operating reimbursements, $3.0 million in higher parking fee revenue offset by $9.7 million in lower tenant utility and accommodation work order reimbursements.

Continued…..

Operating Revenue, Fiscal Year 2022

Operating revenue for fiscal year 2022 increased to $627.8 million, reflecting a 10.2% increase from the prior year revenue of $569.7 million. The increase was primarily due to the initiation of new clean truck program, higher space assignment rates, higher utility reimbursements from Alternative Maritime Power (AMP) shore side electricity connection program, resumption of cruises, as well as the expiration of the empty container discount on wharfage. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and other fees.

Shipping Services

Shipping services revenues represented 77.4% of fiscal year 2022 total operating revenues and consist of several classifications of fees assessed for various activities relating to vessel and cargo movement. Of these fees, wharfage is the most significant and comprised 91.0% of the total shipping service revenues in fiscal year 2022. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was $6.5 million higher compared to fiscal year 2021 mainly due to the expiration of empty container discount on wharfage. Other shipping services revenues were $15.6 million higher as dockage and demurrage revenue, pilotage revenue, and assignment revenues increased by $1.3 million, $2.8 million, and $11.5 million, respectively.

Rentals

The Port generates revenues from making available various types of rental properties such as land, buildings, warehouses, wharves, and sheds. Rates are negotiated for these properties based upon two general classifications, waterfront and backland. Independent appraisals are performed periodically to establish benchmark rates for these properties. Rates ultimately set in land rental agreements may be adjusted, within reason, to reflect general market conditions. Rates for other categories of properties are also set taking into account the condition, location, utility, and other aspects of the property.

During fiscal year 2022, rental income at the Port, which represented 13.8% of fiscal year 2022 total operating revenues, increased by $8.7 million, or 11.1%, over last fiscal year. The increase was mainly due to net rental rate increases and new permits.

Royalties, Fees, and Other Operating Revenue

The Port levies fees for a variety of activities conducted on the Port properties. Examples include royalties from the production of oil and natural gas, fees for parking lots, motion picture productions, foreign trade zone operations, miscellaneous concessions, distribution of utilities, and maintenance and repair services conducted by the Port at the request of customers.

Revenues from royalties, fees, and other operating revenues in fiscal year 2022 was $55.2 million or 8.8% of the total operating revenues. This represented an increase of $27.5 million in this revenue category compared with fiscal year 2021 mainly due to $15.7 million increase in Clean Truck program revenues, $8.0 million higher utility reimbursements, and $3.7 million higher in parking fee revenue.

Continued…..

Operating Expenses

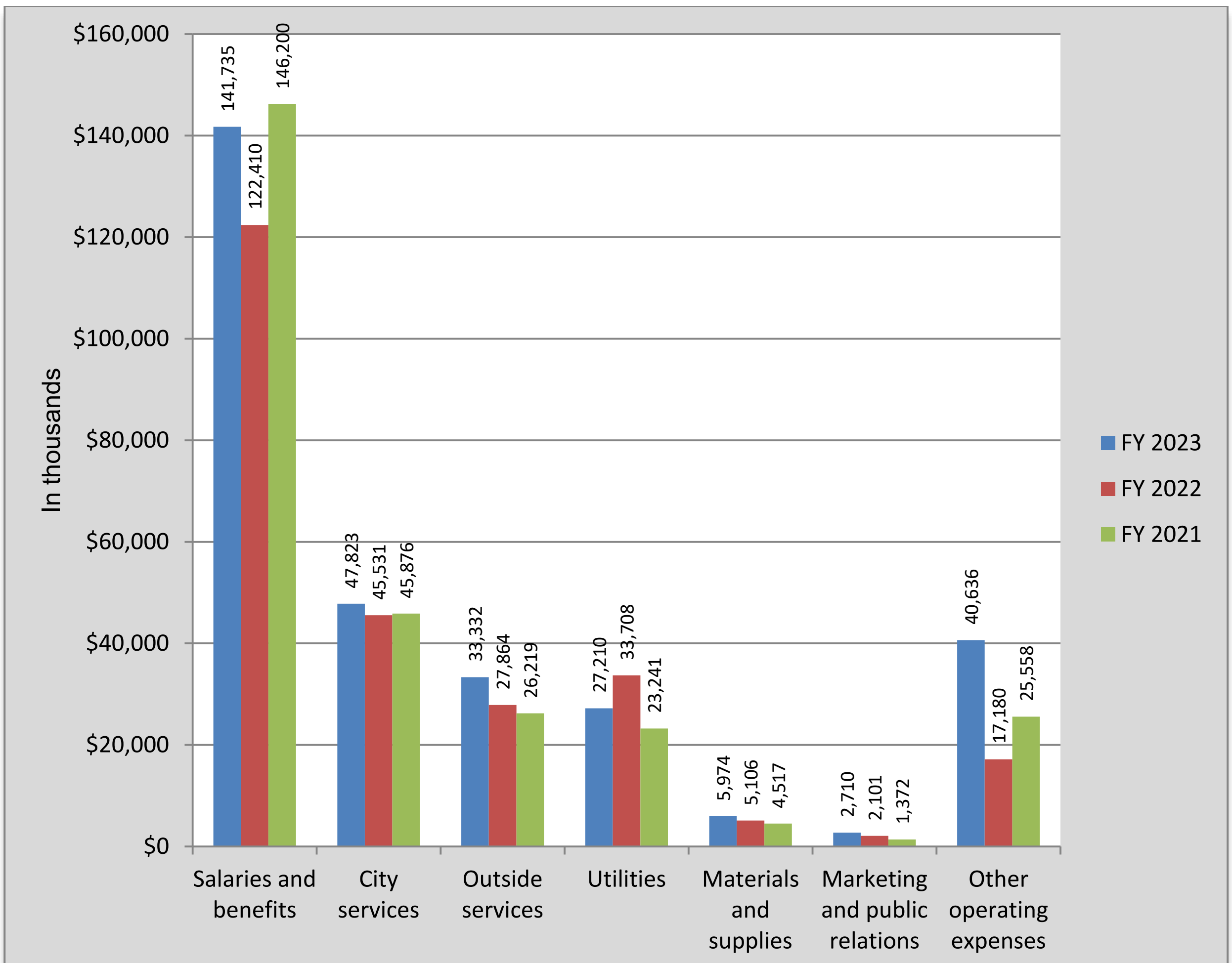
The following table presents a summary of the Port's operating expenses, net of direct and indirect costs allocated to capitalized construction projects for fiscal years 2023, 2022 and 2021. Included in other operating expenses are expenses for workers' compensation, clean truck program, pollution remediation, insurance premiums, travel and entertainment, customer incentive payouts, and miscellaneous other items.

Operating Expenses, Net of Direct and Indirect Costs
(amounts in thousands)

		(Restated)	(Restated)	Increase (Decrease) Over Prior Year	
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Salaries and benefits	$ 141,735	$ 122,410	$ 146,200	$ 19,325	$ (23,790)
City services	47,823	45,531	45,876	2,292	(345)
Outside services	33,332	27,864	26,219	5,468	1,645
Utilities	27,210	33,708	23,241	(6,498)	10,467
Materials and supplies	5,974	5,106	4,517	868	589
Marketing and public relations	2,710	2,101	1,372	609	729
Other operating expenses	40,636	17,180	25,558	23,456	(8,378)
Total Operating Expenses	$ 299,420	$ 253,900	$ 272,983	$ 45,520	$ (19,083)

Continued…..

The following chart shows the graphical comparison of the Port's operating expenses, net of direct and indirect costs, for fiscal years 2023, 2022 and 2021:



Continued…..

Operating Expenses, Fiscal Year 2023

Operating expenses are presented net of direct and indirect costs allocated to capitalized construction projects. Direct costs are costs of materials, labor, and expenses assigned or identified with specific capital projects. Indirect costs are overhead costs not directly identified with a particular capital project such as administrative expenses, maintenance costs and City services, and hence, are allocated based on the average outstanding balance of capitalized construction projects.

In fiscal year 2023, operating expenses increased by $45.5 million to $299.4 million, a 17.9% increase from prior fiscal year expenses of $253.9 million. Major components of operating expenses are salaries and benefits, city services, outside services, utilities, materials and supplies, and other operating expenses that are further discussed and analyzed below.

Salaries and benefits expense including pension and OPEB expenses increased by $19.3 million to $141.7 million, or 15.8% higher than the prior year expense of $122.4 million due to increases of $21.3 million in pension and OPEB expenses offset by a decrease of $2.0 million in salary and employee benefit expenses.

Total payments for City services of $47.8 million increased by $2.3 million or 5.0% relative to the prior fiscal year of $45.5 million due to $2.9 million in higher fire services and $0.2 million in higher city attorney services. These increases were partially offset by $0.7 million in lower recreation and park services and $0.1 million in lower city administrative office services.

Outside services expenses of $33.3 million increased by $5.4 million or 19.6% relative to the prior fiscal year of $27.9 million with spending increases of $1.7 million in operational costs to support growth of cruise business, $1.4 million in construction and maintenance services due to staffing shortage, as well as price increases for parts and materials, $1.0 million in information technology services due to higher spending in development activities supporting related to the Port Optimizer project, $1.2 million in environmental monitoring station, development activities for the Green Shipping Corridor, and regulatory support, and $0.1 million of higher spending in other contractual services supporting the Port's operations.

Utilities expense decreased by $6.5 million to $27.2 million or 19.3% from the prior fiscal year of $33.7 million mainly due to lower spending on Alternative Maritime Power (AMP) and non-AMP electricity consumption relative to fiscal year 2022.

Materials and supplies expenses of $6.0 million increased by $0.9 million or 17.0% relative to the prior fiscal year of $5.1 million primarily due to overall materials and supplies price increases across various divisions throughout the Port.

Other operating expenses (including workers' compensation claims and settlement expenses and clean truck program expenses on page 26) of $40.6 million represented an increase of $23.4 million, or 136.5%, relative to prior fiscal year other operating expenses of $17.2 million. This increase in other operating expenses was primarily attributable to higher provisioning for workers' compensation liabilities by $1.5 million based on claim experiences, higher provisioning for litigation and claim expenses by $12.4 million, higher accrued subsidies for clean truck programs by $3.2 million, higher container incentive payouts by $3.2 million, higher cruise incentive payouts by $1.6 million, higher insurance premiums by $0.8 million, and higher pollution remediation expense by $1.1 million offset by lower payouts on taxes, assessments, and other expenses by $0.4 million.

Continued…..

Operating Expenses, Fiscal Year 2022 (Restated)

Operating expenses are presented net of direct and indirect costs allocated to capitalized construction projects. Direct costs are costs of materials, labor, and expenses assigned or identified with specific capital projects. Indirect costs are overhead costs not directly identified with a particular capital project such as administrative expenses, maintenance costs and City services, and hence, are allocated based on the average outstanding balance of capitalized construction projects.

In fiscal year 2022, operating expenses decreased by $19.1 million to $253.9 million, a 7.0% decrease from prior fiscal year expenses of $273.0 million. Major components of operating expenses are salaries and benefits, city services, outside services, utilities, materials and supplies, and other operating expenses that are further discussed and analyzed below.

Salaries and benefits expense including pension and OPEB expenses decreased by $23.8 million to $122.4 million, or 16.3% lower than the prior year expense of $146.2 million due to decreases of $24.9 million in pension and OPEB expenses offset by an increase of $1.1 million in salary and employee benefit expenses.

Total payments for City services of $45.5 million decreased by $0.4 million or 0.9% relative to the prior fiscal year of $45.9 million due to $1.1 million related to lower utilization of fire service and $0.4 million in lower other city administrative services, which were partially offset by $1.1 million in higher city attorney, recreation and park services.

Outside services expenses of $27.9 million increased by $1.7 million or 6.3% relative to the prior fiscal year of $26.2 million with spending increases of $1.3 million in construction and maintenance services due to staffing shortage, supply chain disruptions as well as price increases and $0.4 million of higher spending in other contractual services supporting the Port's operations.

Utilities expense increased by $10.4 million to $33.7 million or 45.0% from the prior fiscal year of $23.2 million mainly due to higher spending on Alternative Maritime Power (AMP) and non-AMP electricity consumption relative to fiscal year 2021.

Materials and supplies expenses of $5.1 million increased by $0.6 million or 13.0% relative to the prior fiscal year of $4.5 million primarily due to overall materials and supplies price increases across various divisions throughout the Port.

Other operating expenses (including workers' compensation claims and settlement expenses and clean truck program expenses on page 26) of $17.2 million represented a decrease of $8.4 million, or 32.8%, relative to prior fiscal year other operating expenses of $25.6 million. This decrease in other operating expenses was primarily attributable to lower provisioning for workers' compensation liabilities by $1.7 million based on claim experiences, lower provisioning for litigation and claim expenses by $10.8 million, and lower pollution remediation expense by $0.9 million offset by higher expenses by $1.9 million for administering Clean Truck program and higher insurance premiums and customers incentive payouts by $3.1 million.

Continued…..

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses include income from investment in a joint powers authority, interest income and expenses along with receipts and expenses related with noncapital grants as well as pass through grant awards and discontinued capital projects closed to expense. The following table presents a summary of the Port's nonoperating revenues and expenses for fiscal years 2023, 2022 and 2021:

Summary of Nonoperating Revenues and Expenses
(amounts in thousands)

	FY 2023	(Restated) FY 2022	(Restated) FY 2021	Increase (Decrease) Over Prior Year FY 2023	Increase (Decrease) Over Prior Year FY 2022
Nonoperating revenues					
Income from investments in Joint Powers Authority	$ 1,888	$ 1,513	$ 2,243	$ 375	$ (730)
Investment income-net	4,538	--	--	4,538	--
Interest income from leases	10,155	10,234	10,259	(79)	(25)
Grant revenues	32,925	20,502	2,695	12,423	17,807
Other nonoperating revenues	501	5,766	1,129	(5,265)	4,637
Total nonoperating revenues	50,007	38,015	16,326	11,992	21,689
Nonoperating expenses					
Interest expense	17,837	19,037	21,773	(1,200)	(2,736)
Investment loss-net	--	47,744	2,656	(47,744)	45,088
Pass-through grant expenses	27,267	18,521	854	8,746	17,667
Other nonoperating expenses	558	23,106	3,989	(22,548)	19,117
Total nonoperating expenses	45,662	108,408	29,272	(62,746)	79,136
Net nonoperating revenues (expenses)	$ 4,345	$ (70,393)	$ (12,946)	$ 74,738	$ 57,447

Nonoperating Revenues and Expenses, Fiscal Year 2023

In fiscal year 2023, the Port reported net nonoperating revenues of $4.3 million, increased by $74.7 million relative to net nonoperating expenses of $70.4 million in fiscal year 2022.

Net investment income increased by $52.2 million from a net investment loss of $47.7 million in fiscal year 2022 to a net investment income of $4.5 million in fiscal year 2023. The increase was due to the higher investment fair value fluctuations.

Nonoperating revenues increased by $12.0 million primarily due to higher pass-through and noncapital grant revenues by $12.4 million, higher income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority by $0.4 million, and higher net investment income of $4.5 million. These increases were partially offset by a lower other nonoperating revenues in settlement recovery by $5.3 million.

Continued…..

Nonoperating expenses decreased by $62.7 million in fiscal year 2023 due to favorable variances with respect to net investment loss by $47.7 million from investment value fluctuations, lower capital projects closed to expense by $22.4 million, lower interest expenses and other miscellaneous costs by $1.3 million. These decreases were partially offset by higher pass-through grant expenditures by $8.7 million.

Nonoperating Revenues and Expenses, Fiscal Year 2022 (Restated)

In fiscal year 2022, the Port reported net nonoperating expenses of $70.4 million, increased by $57.5 million relative to net nonoperating expenses of $12.9 million in fiscal year 2021.

Nonoperating revenues increased by $21.7 million due to higher pass-through and noncapital grant revenues by $17.8 million and higher other revenues from settlement recovery by $4.6 million offset by lower income from an investment in the intermodal Container Transfer Facility Joint Powers Authority by $0.7 million.

Nonoperating expenses increased by $79.1 million in fiscal year 2022 due to unfavorable variances with respect to unrealized investment loss by $45.1 million from investment value fluctuations, higher pass-through grant expenditures by $17.7 million, higher capital projects closed to expense by $18.8 million and higher bond administration and other miscellaneous costs by $0.3 million. These increases were partially offset by lower interest expenses by $2.7 million.

Long-Term Debt

The Port's long-term debt is comprised of senior lien debt in the form of Harbor Department Revenue Bonds. As of June 30, 2023 and 2022, the Port's outstanding long-term debt was $537.1 million and $577.3 million, respectively. For all outstanding bonds, the Port continues to maintain Aa2, AA+, and AA credit ratings from Moody's Investors Service (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch), respectively. See Note 7 to Financial Statements for additional information.

Bonded Debt

Under Section 609 of the City Charter and the Bond Procedural Ordinance, the Port's capacity to issue debt is not limited. However, the Port's capacity is constrained under covenants of the currently outstanding debt to an aggregate ratio of annual net revenue to annual debt service of at least one hundred twenty-five percent (125%). The Port's financial policy requires that a minimum of 2.0x debt service coverage be maintained at all times. At June 30, 2023, the Port's debt service coverage was 6.0x debt service.

The Port's long-term debt consisted of the following as of June 30, 2023, 2022, and 2021 (in thousands):

	FY 2023	FY 2022	FY 2021
Revenue bonds payable	$ 537,125	$ 577,335	$ 665,670
Net unamortized premiums	45,289	54,391	65,687
Total	$ 582,414	$ 631,726	$ 731,357

Continued…..

Capital Assets

The Port's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2023, 2022 and 2021 amounted to $3.6 billion, $3.7 billion, and $3.7 billion, respectively. These accounted for 67.5%, 69.9%, and 72.0%, of total assets, respectively. The following table presents the Port's capital assets, net of accumulated depreciation for fiscal years 2023, 2022 and 2021 (in thousands):

Summary of Capital Assets

		(Restated)	(Restated)	Increase (Decrease) Over Prior Year	
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022
Land	$ 1,106,805	$ 1,106,805	$ 1,106,805	$ --	$ --
Facilities and equipment, net	2,116,677	2,262,609	2,237,374	(145,932)	25,235
Intangible assets, net	12,900	16,598	20,296	(3,698)	(3,698)
Right-to-use lease assets, net	1,259	492	1,149	767	(657)
Right-to-use subscription assets, net	2,374	2,671	--	(297)	2,671
Construction in progress	280,921	198,177	234,786	82,744	(36,609)
Preliminary costs-capital projects	114,960	105,990	141,032	8,970	(35,042)
Total	$ 3,635,896	$ 3,693,342	$ 3,741,442	$ (57,446)	$ (48,100)

See Note 5 to Financial Statements for additional information.

Facilities and equipment, net of accumulated depreciation, decreased by $145.9 million or 6.4% from $2.3 billion at June 30, 2022 to $2.1 billion at June 30, 2023 primarily due to a $32.7 million true-up of additional depreciation for certain assets with shorter estimated useful lives and annual depreciation associated with the Port's existing facility and equipment. Facilities and equipment, net of accumulated depreciation, increased by $25.2 million or 1.1% from $2.2 billion at June 30, 2021 to $2.3 billion at June 30, 2022 primarily due to capitalization of completed projects of $163.6 million offset by annual depreciation associated with the Port's existing facility and equipment.

The Port has active construction projects as of June 30, 2023. The projects include San Pedro Waterfront Redevelopment, Wilmington Waterfront Redevelopment, State Route 47/Vincent Thomas Bridge and Front Street/Harbor Boulevard Interchange Reconfiguration, various infrastructure improvements at terminals, and other capital projects. At June 30, 2023, 2022, and 2021, the Port's commitments with contractors for capital projects were $1.8 million, $1.9 million, and $1.2 million, respectively.

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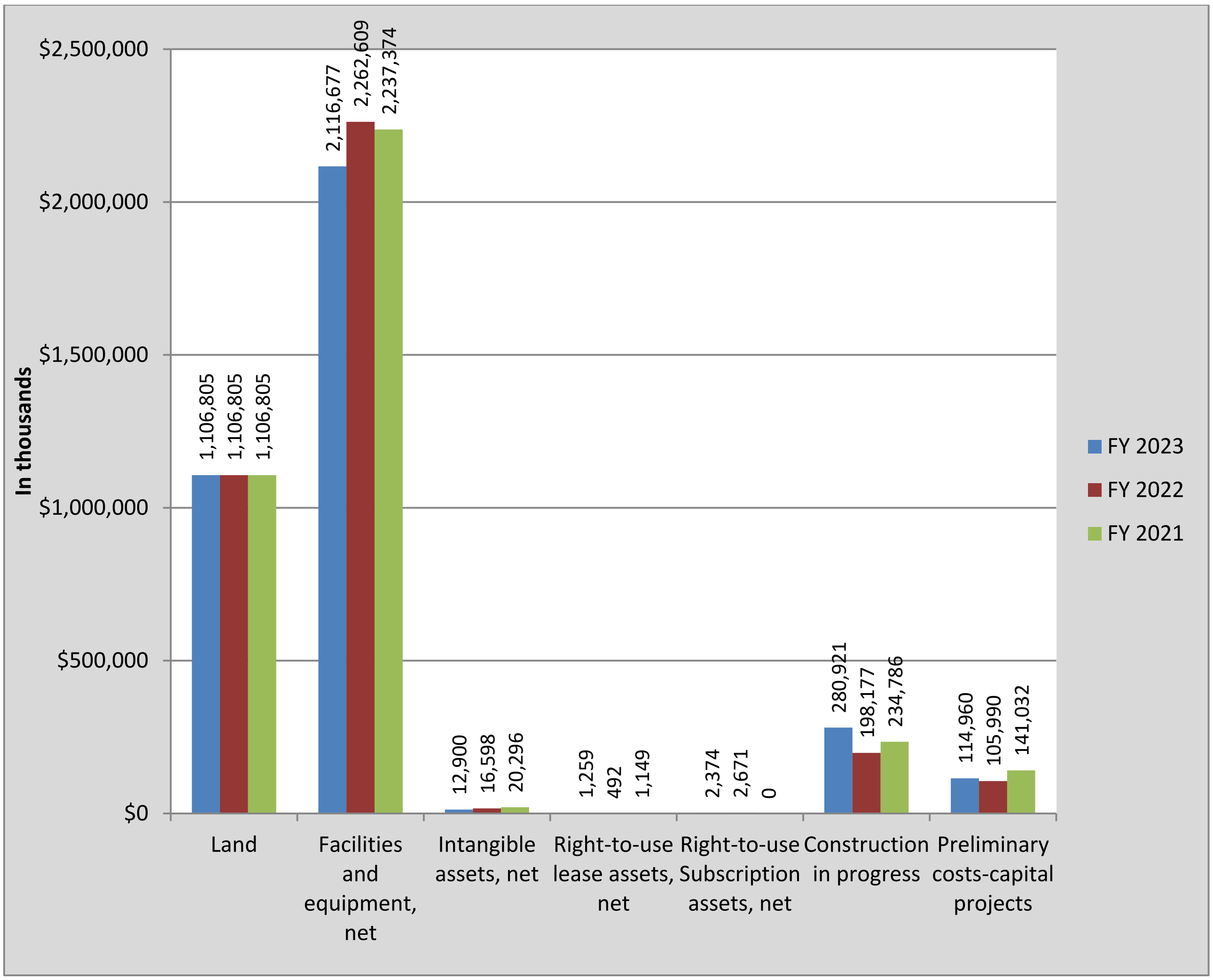
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The following chart shows the graphical presentation of the Port's capital assets, net of accumulated depreciation for the fiscal years 2023, 2022 and 2021



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Capital Assets, Fiscal Year 2023

Major capital assets activities during fiscal year 2023 are as follows:

- $40.2 million – construction for expanding corridor storage tracks at Pier 400, including rail extension, additional railroad storage tracks, access roadway, as well as new crossovers, switches, and equipment.
- $19.3 million – construction of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to San Pedro Waterfront Ports O' Call Promenade and Town Square Waterfront Gateway, Harbor Boulevard roadway improvements, the Wilmington Waterfront Promenade, and the Avalon Promenade, pedestrian bridge, and Gateway.
- $13.8 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS).
- $9.0 million – various projects at buildings and facilities of the Port including enterprise resources planning (ERP) system migration, port pilot radio upgrade, Liberty Hill Plaza improvements, and various facilities and buildings improvements and remodel projects.
- $7.2 million – various transportation constructions including projects for Alameda Corridor southern terminus gap closure and reconfiguration of the interchange at State Route 47/Vincent Thomas Bridge and Front Street/Harbor Boulevard, and various lighting and street improvements and extensions.
- $3.9 million – various projects at Berth 171-181 (Pasha Terminal) including electrical infrastructure improvement, wharf restoration, and building improvements.
- $3.5 million – various projects at Berth 45-53 (Outer Harbor Cruise Facility) and Berth 90-93 (World Cruise Center) including passenger terminal gangway and pedestrian deck improvements, passenger terminal roof replacement, and cruise terminal development.
- $3.3 million – redevelopment projects at Berth 222-236 (Everport Terminal) including wharf and backlands improvements, terminal infrastructure reconstruction, and Alternative Maritime Power (AMP) upgrade and retrofit.
- $2.9 million – construction of new container wharf at Berth 306, on-deck railyard expansion project, and crane rail and foundation project at Berth 300-306 (Fenix terminal).
- $3.4 million – various miscellaneous projects for parking/storage lot constructions and improvements, barge landing ramp upgrade, building cover replacement, dockside facility improvements and Port Worker Training Facility.
- $2.6 million – various homeland security projects including construction of Port Cyber Resilience Center, Port Police headquarter security enhancement, and port police radio system.

Continued…..

- $2.1 million – various environmental enhancement projects including advanced electrical infrastructure and air quality monitoring stations upgrade, shore side electricity upgrade.
- $1.4 million – redevelopment projects at various terminals including wharf rehabilitation, facility expansion, and infrastructure improvements.

Continued…..

Capital Assets, Fiscal Year 2022

Major capital assets activities during fiscal year 2022 are as follows:

- $30.0 million – construction of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to San Pedro Waterfront Ports O' Call Promenade and Town Square Waterfront Gateway, the Wilmington Waterfront Promenade, and the Avalon Promenade, pedestrian bridge, and Gateway.
- $2.4 million – various environmental enhancement projects including advanced electrical infrastructure, shore side electricity upgrade, and pavement improvements projects.
- $5.2 million – various projects at buildings and facilities of the Port including facilities and buildings improvements and remodel, pilot system enhancement, port pilot station wharf modification, fire alarm and security system installation and various utility projects.
- $15.0 million – various transportation constructions including projects for Alameda Corridor southern terminus gap closure and reconfiguration of the interchange at SR-47/Vincent Thomas Bridge and Front Street/Harbor Boulevard, lighting upgrades on 22nd Street, Via Cabrillo Marina, and Shoshonean Road, and various lighting and street improvements and extensions.
- $5.8 million – various homeland security projects including port police radio system, construction of Port Cyber Resilience Center, development of dispatch and records management system, port police fixed license plate reader system, and facility security improvements.
- $1.4 million – various miscellaneous projects for parking/storage lot construction, barge landing ramp upgrade, building cover replacement, and dockside facility improvements.
- $1.4 million – redevelopment projects at various terminals including wharf rehabilitation, facility expansion, and infrastructure improvements.
- $8.6 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS).
- $1.6 million – various projects at the Pasha Terminal including roof replacement, electrical infrastructure improvement, and wharf restoration.
- $3.4 million – improvement project at LAXT cargo support facility.
- $1.1 million – on-deck railyard expansion project at the Fenix (Berth 300-306) terminal.
- $6.6 million – redevelopment projects at the Everport Terminal including wharf and backlands improvements, terminal infrastructure reconstruction, and Alternative Maritime Power (AMP) upgrade and retrofit.

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Factors That May Affect the Port's Operations

There is significant competition for container traffic among North American ports. The availability of alternate port facilities at competitive prices affects the use of the Port's facilities and therefore the revenues of the Port. Formation of shipping alliances adds to the complexity as shipping lines which have ownership in terminals route cargo to terminals that are not owned by them, but by their Alliance partners. While the shipping industry remains volatile in 2023, shipping lines are searching for the best terminal handling rates and even looking to the Port to provide incentives. The Port cannot predict the scope of such impact.

All of the ports on the West Coast of the U.S. compete for discretionary intermodal cargo destined for locations across the U.S. and Canada. Discretionary cargo makes up approximately 33% of cargo arriving at the Port. Currently, this discretionary cargo moves eastward both by rail routes and by water routes through the Panama Canal, Magellan Straits, or Cape Horn, or westward through the Suez Canal. Factors such as capacity restrictions and service reliability of rail routes or water routes could impact decisions on cargo route and U.S. port of entry.

With the expansion of global economy and the surge in international trade, shipping lines began commissioning ships of greater size that carry more cargo, the Port has an existing ability to handle the New Panamax and Super Post-Panamax ships and continues to maintain and improve its strong infrastructure and intermodal capabilities.

The activities at the Port may generate air emissions that are subject to legal and regulatory requirements. Such requirements mandate and offer certain incentives for reductions of air pollution from ships, trains, trucks and other operational activities. Paying for mandated air pollution reduction infrastructure, equipment and other measures may become a significant portion of the Port's capital budget and operating budget. Such expenditures may be necessary even if the Port does not undertake any new revenue-generating capital improvements.

The Port leases land to marine terminal operators who employ labor from the International Longshore and Warehouse Union (ILWU) who are not employees of the Port. In the past, protracted contract negotiations between the ILWU and the Pacific Maritime Association resulted in cargo moving to other gateways, such as the Gulf and East Coast. Once it moves to other gateways, it becomes challenging to regain market share.

Competitive Environment

As of the fiscal year ended June 30, 2023, five major container ports controlled 97.0% of the entire U.S. West Coast containerized cargo market: the ports of Los Angeles, Long Beach, and Oakland in California, and the ports of Seattle and Tacoma in Washington State. The ports of Los Angeles and Long Beach together had 74.3% of all U.S. West Coast market share based on a loaded TEU basis.

The industry is capital intensive and requires long lead times to plan and develop new facilities and infrastructure. Resources are typically allocated and facilities developed based upon the commitment of customers to long-term permits at the Port that currently range from 15 to 40 years before expiration. Occupancy remains high and West Coast ports have limited land areas for expansion. Additionally, the greater Los Angeles area represents not only a large destination market for waterborne goods, but also an attractive point of origin for supply chain distribution throughout the Southern California region and the rest of nation as the Port has extensive on-dock rail facilities creating intermodal connections that provide for time-

Continued…..

to-market advantages. In the Port's analysis, one third of the import cargo moves via intermodal to inland markets, another third transloaded into larger containers at local transload facilities and moves to inland markets in larger containers (i.e., 53-foot containers) and the last third remains in the five-county region around the Port, which serves over 20 million residents.

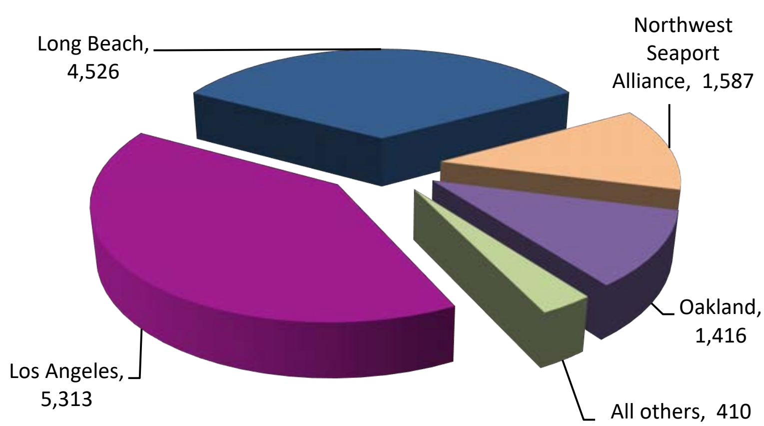
The following presents a summary of the West Coast container market share for fiscal years 2023 to 2021:

	Loaded TEUs (in thousands)*			Percentage Market Share		
Ports	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021
Los Angeles	5,313	6,309	7,039	40.1%	39.8%	41.1%
Long Beach	4,526	5,529	5,762	34.2%	34.8%	33.7%
Northwest Seaport Alliance**	1,587	1,955	2,207	12.0%	12.3%	12.9%
Oakland	1,416	1,656	1,859	10.7%	10.4%	10.9%
All others	410	417	250	3.0%	2.7%	1.4%
	13,252	15,866	17,117	100.0%	100.0%	100.0%

* Source: PIERS

** Northwest Seaport Alliance consists of Seattle and Tacoma.

Following is the graphical presentation of the West Coast container market share for fiscal year 2023:



Loaded TEUs (in thousands)

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Request for Information

This financial report is designed to provide a general overview of the Port's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Marla Bleavins, Deputy Executive Director and Chief Financial Officer, Port of Los Angeles (Harbor Department of the City of Los Angeles), 425 S. Palos Verdes St., San Pedro, CA 90731.

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PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Net Position
June 30, 2023 and 2022
(amounts in thousands)

	2023	(Restated) 2022
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	$ 1,281,573	$ 1,144,153
Cash and cash equivalents, restricted	50,236	11,488
Accounts receivable, net of allowance for doubtful accounts: 2023 - $8,472; 2022 - $7,534	52,225	37,404
Accrued interest receivable	6,368	6,417
Grants receivable	8,795	2,851
Materials and supplies inventories	2,876	2,820
Prepaid expenses	504	471
Lease receivable - current portion	29,673	36,008
Total current assets	1,432,250	1,241,612
Noncurrent assets		
Restricted investments – bond funds	37,105	37,452
Other restricted investments	10,311	10,399
Investment in Joint Powers Authority	4,434	5,546
Net pension assets	--	9,885
Net OPEB assets	773	11,791
Lease receivable - noncurrent portion	266,282	272,849
Capital assets		
Land	1,106,805	1,106,805
Facilities and equipment net of accumulated depreciation: 2023 - $2,982,592; 2022 - $2,809,855	2,116,677	2,262,609
Intangible assets, net of accumulated amortization: 2023 - $12,460; 2022 - $8,762	12,900	16,598
Right-to-use lease assets, net of accumulated amortization: 2023 - $555; 2022 - $1,727	1,259	492
Right-to-use subscription assets, net of accumulated amortization: 2023 - $594; 2022 - $297	2,374	2,671
Construction in progress	280,921	198,177
Preliminary costs – capital projects	114,960	105,990
Total capital assets	3,635,896	3,693,342
Total noncurrent assets	3,954,801	4,041,264
TOTAL ASSETS	5,387,051	5,282,876
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refunding	8,833	9,343
Deferred outflows of resources related to pensions	84,285	69,159
Deferred outflows of resources related to other postemployment benefits (OPEB)	13,391	11,959
TOTAL DEFERRED OUTFLOWS OF RESOURCES	106,509	90,461

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PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Net Position
June 30, 2023 and 2022
(amounts in thousands)

	2023	(Restated) 2022
LIABILITIES		
Current liabilities		
Accounts payable	$ 48,983	$ 43,140
Current maturities of bonds payable	43,355	40,210
Accrued interest payable	10,932	11,769
Accrued salaries and employee benefits	20,056	17,475
Obligations under securities lending transactions	5,259	15,996
Accrued construction cost payable	1,791	3,277
Other current liabilities payable from restricted assets	9,534	9,526
Other current liabilities	40,133	49,876
Total current liabilities	180,043	191,269
Long-term liabilities		
Long-term liabilities payable from unrestricted assets		
Bonds payable, net of unamortized discount/premium: 2023 - $45,289; 2022 - $54,391	539,059	591,516
Accrued employee benefits	16,018	16,029
Net pension liabilities	271,235	168,089
Net OPEB liabilities	8,778	--
Lease liabilities	1,279	506
Subscription liabilities	1,546	2,277
Other liabilities	76,198	79,449
Total long-term liabilities payable from unrestricted assets	914,113	857,866
Long-term liabilities payable from restricted assets	17,242	16,624
Total long-term liabilities	931,355	874,490
TOTAL LIABILITIES	1,111,398	1,065,759
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	13,390	107,660
Deferred inflows of resources related to OPEB	15,329	37,179
Deferred inflows of resources related to leases	276,968	296,225
TOTAL DEFERRED INFLOWS OF RESOURCES	305,687	441,064
NET POSITION		
Net investment in capital assets	3,057,698	3,064,900
Restricted	76,320	37,452
Unrestricted	942,457	764,162
TOTAL NET POSITION	$ 4,076,475	$ 3,866,514

See accompanying notes to financial statements.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022
(amounts in thousands)

	2023	(Restated) 2022
OPERATING REVENUE		
Shipping services		
Wharfage	$ 405,046	$ 441,966
Dockage	3,619	5,914
Demurrage	123	133
Pilotage	13,209	13,432
Assignment charges	26,011	24,397
Total shipping services	448,008	485,842
Rentals		
Land	115,375	85,092
Buildings	266	215
Warehouses	633	588
Wharf and shed	1,016	942
Total rentals	117,290	86,837
Royalties, fees, and other operating revenues		
Fees, concessions, and royalties	8,094	5,418
Clean truck program fees	41,219	17,999
Other	41,789	31,746
Total royalties, fees, and other operating revenues	91,102	55,163
Total operating revenue	656,400	627,842
OPERATING EXPENSES		
Salaries and other benefits	107,747	109,778
Pension expense	33,200	14,840
OPEB (credit)/expense	788	(2,208)
City services	47,823	45,531
Outside services	33,332	27,864
Utilities	27,210	33,708
Materials and supplies	5,974	5,106
Marketing and public relations	2,710	2,101
Workers' compensation, claims and settlement	15,583	1,712
Clean truck program expenses	5,835	2,613
Other operating expenses	19,218	12,855
Total operating expenses before depreciation and amortization	299,420	253,900
Operating income before depreciation and amortization	356,980	373,942

continued….

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022
(amounts in thousands)

	2023	(Restated) 2022
Operating Income before depreciation and amortization	$ 356,980	$ 373,942
Depreciation and amortization	194,869	147,569
OPERATING INCOME	162,111	226,373
NONOPERATING REVENUES (EXPENSES)		
Nonoperating revenues		
Income from investments in Joint Powers Authority	1,888	1,513
Interest income from leases	10,155	10,234
Investment income - net	4,538	--
Noncapital and pass through grant revenue	32,925	20,502
Other nonoperating revenue	501	5,766
Total nonoperating revenues	50,007	38,015
Nonoperating expenses		
Interest expense	(17,837)	(19,037)
Investment loss - net	--	(47,744)
Pass through grant expense	(27,267)	(18,521)
Discontinued capital projects	(115)	(22,503)
Other nonoperating expenses	(443)	(603)
Total nonoperating expenses	(45,662)	(108,408)
Net nonoperating revenues (expenses)	4,345	(70,393)
INCOME BEFORE CAPITAL CONTRIBUTIONS	166,456	155,980
Capital contributions	43,505	11,906
CHANGES IN NET POSITION	209,961	167,886
NET POSITION, JULY 1	3,866,514	3,698,628
NET POSITION, JUNE 30	$ 4,076,475	$ 3,866,514

See accompanying notes to financial statements.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022
(amounts in thousands)

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Shipping service fees collected	$ 437,893	$ 490,453
Rentals collected	108,375	80,739
Royalties, fees, and other operating revenues collected	89,045	55,686
Payments for employee salaries and benefits, net of capitalized amounts: 2023 - $28,261; 2022 - $26,454	(139,015)	(143,331)
Payments for goods and services	(168,544)	(125,312)
Net cash provided by operating activities	327,754	358,235
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY		
Proceeds from noncapital grants	5,658	1,981
Net cash provided by noncapital financing activity	5,658	1,981
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for property acquisitions and construction	(137,924)	(97,468)
Proceeds from sale of capital assets	188	228
Proceeds from capital grants and contributions	37,561	11,454
Proceeds from insurance recovery for damage of capital assets	41	5,345
Payments for lease assets	(578)	(899)
Interest received from leases	10,155	10,234
Payments for subscription assets	(732)	(690)
Principal repayment and redemption – bonds	(40,210)	(88,335)
Interest payments on bonds and financing activities	(27,267)	(30,455)
Net cash used in capital and related financing activities	(158,766)	(190,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest	26,724	12,170
(Decrease) increase in cash collateral received under the securities lending transactions	(10,737)	8,722
Purchase of investments	(17,813)	(67,004)
Receipts from bond reserve fund	348	4,982
Distribution from Joint Powers Authority	3,000	3,000
Net cash provided (used) by investing activities	1,522	(38,130)
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,168	131,500
CASH AND CASH EQUIVALENTS, JULY 1	1,155,641	1,024,141
CASH AND CASH EQUIVALENTS, JUNE 30	$ 1,331,809	$ 1,155,641

continued….

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022
(amounts in thousands)

	2023	(Restated) 2022
CASH AND CASH EQUIVALENTS COMPONENTS		
Cash and cash equivalents, unrestricted	$ 1,281,573	$ 1,144,153
Cash and cash equivalents, restricted	50,236	11,488
Total cash and cash equivalents	$ 1,331,809	$ 1,155,641
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 162,111	$ 226,373
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	194,869	147,569
Provision for doubtful accounts	937	852
Changes in assets, liabilities, and deferred outflows and inflows of resources		
Accounts receivable	(15,759)	5,107
Lease receivable	12,991	5,646
Materials and supplies inventories	(55)	51
Prepaid expenses	(33)	(55)
Deferred outflows of resources related to pensions and OPEB	(16,559)	22,191
Accounts payable	6,208	12,235
Net pension liabilities	113,031	(129,051)
Net OPEB liabilities	19,795	(37,324)
Accrued salaries and employee benefits	2,571	(373)
Other liabilities	(16,976)	(6,054)
Deferred inflows of resources related to pensions and OPEB	(116,120)	123,636
Deferred inflows of resources related to leases	(19,257)	(12,568)
Total adjustments to reconcile operating income to net cash provided by operating activities	165,643	131,862
Net cash provided by operating activities	$ 327,754	$ 358,235
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets, included in construction costs and accounts payables	$ 2,966	$ 4,817
Write-off of discontinued construction projects	115	22,503

See accompanying notes to financial statements.

The Notes to Financial Statements include disclosures considered necessary for a better understanding of the accompanying financial statements. An index to the Notes follows:

Note **Page**

Continued…..

1. Organization and Summary of Significant Accounting Policies

The financial statements of the Harbor Department of the City of Los Angeles, California (hereafter referred to as "Port of Los Angeles" or "Port") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port's significant accounting policies are described below.

A. Organization and Reporting Entity

The Harbor Department is a proprietary department of the City of Los Angeles, California (the City), formed for the purpose of managing the tidelands property granted by the State of California (State) commonly known as the Port of Los Angeles and operations thereon for specific maritime related purposes as explained below. The Port is under the control of a five-member Board of Harbor Commissioners (BHC), who are appointed by the Mayor and confirmed by the City Council. The Port is administered by an Executive Director and subject to the State public trust doctrine as described below.

The real property and related assets of the Port including land, waters, docks, wharves, transit sheds, terminals, and other facilities (i.e., Trust Assets), were granted to the City in tidelands grants from the State, with retained oversight by the State Lands Commission. The State's statutory grants specify the granted tidelands are subject to the Trust Purposes, which require the Trust Assets to be used for maritime commerce, navigation, fisheries, and water-dependent activities for the benefit of the State. The Trust Purposes are also codified in the Charter of the City, which placed management and control of the Trust Assets under the Port. All revenues arising from the Trust Assets (Port operating revenues and proceeds of asset sales) are limited as to use for the Trust Purposes, including operation and maintenance of Port facilities, the acquisition and construction of improvements, and other similar Trust Purposes.

The Port prepares and controls its own financial plan, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port operates as principal landlord for the purpose of assigning or leasing port facilities and land areas. The Port's principal source of revenue is from shipping services under tariffs (dockage and wharfage, etc.), rental of land and facilities, fees (parking and foreign trade zones), and royalties (oil wells). Capital construction is financed by cash from operations, debt secured by future revenues, and federal and state grants. The Port's permanent workforce attends to the daily operation of the Port facilities and its regular maintenance. Generally, the Port uses commercial contractors for large construction projects.

Operations of the Port are financed in a manner similar to that of a private business. The Port recovers its costs of providing services and improvements through tariff charges for shipping services and the leasing of facilities to Port customers.

In evaluating how to define the Port for financial reporting purposes, management has considered all potential component units by applying the criteria set forth by the GASB. The financial statements present only the financial activities of the Port in conformity with GAAP and are not intended to present the financial position and results of operations of the City.

Continued…..

Reporting Entity

The Los Angeles Harbor Improvements Corporation (LAHIC) is a nonprofit public benefit corporation organized under the laws of the state of California for public purposes. LAHIC was formed to assist the Port in undertaking financing third party capital expenditures at potentially advantageous terms that the BHC deems necessary for the promotion and accommodation of commerce.

The board of directors of LAHIC consists of five members. Election of the LAHIC board of directors occurs by vote of the BHC. The BHC is financially responsible for LAHIC's activities. Further, although LAHIC is legally separate from the Port, it is reported as if it were part of the Port, because its sole purpose is to help finance and construct facilities and improvements, related to Port activities.

LAHIC is included in the reporting entity of the Port, and accordingly, the operations of LAHIC are blended in the Port's accompanying financial statements. LAHIC's cash balance in the amount of $21 thousand equaled to the payable amount owed to the Port as of both June 30, 2023 and 2022. LAHIC reported no net position at June 30, 2023 and 2022. Separate financial statements for LAHIC may be obtained from the Deputy Executive Director and Chief Financial Officer, Port of Los Angeles, 425 S. Palos Verdes Street, San Pedro, California 90731.

B. Summary of Significant Accounting Policies

Method of Accounting – The Port's activities are accounted for as an enterprise fund, and as such, its financial statements are presented using the economic resources measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the related liabilities are incurred regardless of the timing of cash flow.

Cash, Cash Equivalents, and Investments – The Port pools its available cash with that of the City. All cash and investments pooled with the City, plus cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

Interest income and realized gains and losses arising from such pooled cash and investments are apportioned to each participating City department fund based on the relationship of such department fund's respective average daily cash balances to aggregate pooled cash and investments. The change in the fair value of pooled investments is allocated to each participating City department fund based on the aggregate respective cash balances at year-end.

The Port's investments, including its share of the City's Investment Pool, are stated at fair value. Fair value is determined based upon market closing prices or bid/ask prices for regularly traded securities. The fair value of investments with no regular market is estimated based on similarly traded investments. The fair value of mutual funds, government-sponsored investment pools, and other similar investments is stated at share value or an allocation of fair value of the pool, if separately reported. Certain money market investments with initial maturities at the time of purchase of less than one year are recorded at amortized cost. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized

Continued…..

gains and losses on investments that had been held more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year and the current year.

Securities Lending – As a participant in the City's Investment Pool, the Port's funds are also part of the City's securities lending program (SLP). The investment collateral received by the City together with the corresponding liability is allocated among the City's participating funds based on the aggregate respective cash balances at fiscal year-end.

Inventories and Prepaid Items – Inventories of materials and supplies are stated at the weighted average cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable are recorded for invoices issued to customers or tenants in accordance with the contractual provisions. Included in accounts receivable on the statements of net position, unbilled receivables are estimated and recorded when revenues are recognized upon service delivery and invoicing occurs after the fiscal year end. Receivables outstanding beyond 90 days are put into the collection process. An allowance for doubtful accounts is set up as a reserve based on specific identification of troubled accounts and delinquent receivables.

Grants Receivable – The Port receives federal, state and local grants on a reimbursement basis for both capital and non-capital activities. Grants receivable is recognized when all applicable eligibility requirements are met.

Capital Assets – Capital assets are carried at cost or at fair value at the date received, in the case of properties acquired by donation, and by termination of leases for tenant improvements, less allowance for accumulated depreciation. The Port has a capitalization threshold of $5,000. Capital assets include intangible assets for the Port's radio frequency licenses, emission mitigation credits with indefinite useful lives; and capitalized costs of the Port's integrated financial accounting system, the Enterprise Resource Planning System. The Port periodically reviews its assets for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly.

Preliminary costs for developing proposed capital projects that are incurred prior to the finalization of formal capital projects are capitalized. Upon completion of capital projects, such preliminary costs are transferred to the appropriate property account. In the event the proposed capital projects are abandoned, the associated preliminary costs are charged to expense in the year of abandonment. Preliminary costs - capital projects as of June 30, 2023 and 2022 are $115.0 million and $106.0 million, respectively.

The Port capitalizes indirect project costs associated with the acquisition, development, and construction of new capital projects. Indirect project costs allocated to construction projects for fiscal years 2023 and 2022 were $22.8 million and $23.7 million, respectively.

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Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the Port's depreciable assets are as follows:

Wharves and sheds	15 to 30 years
Buildings and facilities	10 to 50 years
Equipment	3 to 18 years
Intangible assets	20 years

Leases – *Port as lessee.* Leases are defined as the right to use an underlying asset. As a lessee, the Port recognized a lease liability and an intangible right-to-use (RTU) lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. RTU lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The Port calculates the amortization of the discount on the lease liability and reports that amount as interest expense. Leases that do not have implicit interest rates, the incremental borrowing rates (IBR) are used. IBR's are estimated rates the Port would be charged for borrowing the lease payment amounts during the lease term. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

Port as lessor. As a lessor, the Port recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases or certain regulated leases. Re-measurement of lease receivables occurs when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

Short-term real estate entitlement such as revocable permits and space assignments can be canceled on a 30-day notice by either party. For lease agreements that are short-term, the Port recognizes short-term lease payments as inflows of resources based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the report period.

Continued…..

Leases between the Port and terminal operators and shipping lines are subject to external laws and regulations. The Port recognizes inflows of resources based on the payment provisions of the lease agreement. See note 12.A. for additional information.

Subscription-based Information Technology Arrangements (SBITA) – A SBITA is a contract that conveys control of the right to use a third-party's information technology software. SBITAs that have maximum possible term under the SBITA contract of 12 months or less are considered a short-term SBITA and recognized as outflows of resources.

The Port recognized a subscription liability and an intangible right-to-use (RTU) subscription asset at the beginning of a SBITA unless the SBITA is considered a short-term SBITA. A subscription liability is measured at the present value of subscription payments expected to be made during the subscription term using the Port's incremental borrowing rate. A subscription asset is initially recorded at the initial measurement of the subscription liability, plus subscription payments made at the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The commencement of the subscription term occurs when the Port has obtained control of the right to use the underlying subscription assets, and the subscription asset is placed into service.

A subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability.

The Port calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. SBITAs that do not have implicit interest rates, the incremental borrowing rates (IBR) are used. IBR's are estimated rates the Port would be charged for borrowing the payment amounts during the subscription term. Payments are allocated first to accrued interest liability and then to the lease liability. Variable payments based on the usage of the underlying assets are not included in the subscription liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. See note 12.B. for additional information.

Investment in Joint Powers Authority – Investment in joint powers authority is accounted for by the equity method. The value of the Port's investment in joint powers authority increases or decreases based on the Port's proportional share in the joint powers authority's ending net position less distributions, if any. The distribution from joint powers authority is proportional to the size of the equity investment.

Accrued Salaries and Employee Benefits – Aside from accrued salaries, the Port records as liabilities all accrued employee benefits, including estimated liabilities for certain unused vacation and sick leave in the period the benefits are earned. Port employees accumulate annual vacation and sick leave based on their length of service up to a designated maximum. Upon termination or retirement, employees are paid the cash value of their accumulated leave benefits in accordance with the City policy.

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Deferred Outflows and Inflows of Resources – In addition to assets, the Port reports a separate section for deferred outflows of resources. This represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Port has three items that qualified for reporting in this category. They are deferred charges on debt refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to postemployment benefits other than pensions (other postemployment benefits or OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Port reports a separate section for deferred inflows of resources. This represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Port has three items that qualified for reporting in this category – deferred inflows of resources related to pensions, deferred inflows of resources related to OPEB, and deferred inflows of resources related to leases.

Deferred outflows and inflows of resources related to pensions result from diverse pension related transactions and events including pension contributions subsequent to measurement date, changes of assumptions or other inputs, difference between expected and actual experience in the total pension liabilities, changes in proportionate share of contributions, and net differences between projected and actual pension plan investment earnings.

Deferred outflows and inflows of resources related to OPEB result from diverse OPEB related transactions and events including OPEB contributions subsequent to measurement date, changes of assumptions or other inputs, difference between expected and actual experience in the total OPEB liabilities, changes in proportionate share of contributions, and net differences between projected and actual plan investment earnings.

Deferred inflows of resources related to leases are measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods that is recognized as revenue over the term of the lease. The lease payments included in the lease receivable relate to future reporting periods.

Operating and Nonoperating Revenues and Expenses – The Port differentiates between operating revenues and expenses, and nonoperating revenues and expenses. Operating revenues and expenses generally result from the Port’s primary ongoing operations. All revenues and expenses other than these are reported as nonoperating revenues and expenses.

Revenues from shipping services, rental fees, and royalties are the major sources of the Port’s revenues. Shipping services revenues consist of fees assessed for various activities relating to vessel and cargo movement. Twenty-foot equivalent units (TEUs) and metric tons are the measures used to determine cargo volumes that move through the Port. Rental fees are collected from the lease of various types of rental properties in Port-controlled lands. Rental rates are set using various methodologies, and are appraised periodically to evaluate and establish benchmark rates. Rental rates may be adjusted, within reason, to reflect general market conditions. The Port levies fees for various activities such as royalties from oil and natural gas production, fees for parking lots, and miscellaneous concessions.

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Operating Expenses – The Port presents operating expenses at net of direct and indirect overhead costs allocated to capitalized construction projects. Direct costs are costs of materials, labor, and expenses assigned or identified with specific capitalized construction projects. Indirect costs are those that are not directly identifiable with a particular capital project and hence, are allocated to all outstanding construction projects. Indirect overhead costs such as administrative expenses, maintenance salaries and City services are allocated to projects based on the average outstanding balance of capitalized construction projects.

Indirect overhead costs are defined to be the costs not directly attributable to those activities related to a capital project. The overhead rate is calculated based on the ratio of the costs of the direct amount of work assigned to capital projects to the total amount of hours worked by Port staff. The resulting rate is defined as the indirect overhead rate and is applied to the operating expenses of those divisions that participate both directly and indirectly in the activities related to capital projects. The resulting indirect overhead amount is then allocated on a pro-rata basis to capitalized construction projects based on the outstanding balance of each project.

Pension and OPEB Plans – All full-time civilian Port employees are eligible to participate in the Los Angeles City Employees' Retirement System (LACERS), a defined benefit single-employer retirement plan. All full-time Port police officers are eligible to participate in the City of Los Angeles Fire and Police Pension System (LAFPP), a defined benefit single-employer retirement plan. The Port funds fully its entire annual share of LACERS and LAFPP pensions and the respective OPEB contributions. The funding amounts are determined at the start of each fiscal year and are incorporated as part of the Port's payroll to reimburse the City for the Port's pro rata contribution share.

For purposes of measuring the net pension assets, net pension liabilities, and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of LACERS and LAFPP, and additions to/deductions from LACERS and LAFPP's fiduciary net positions have been determined on the same basis as they are reported by LACERS and LAFPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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For fiscal years ended June 30, 2023 and 2022, the Port reported total net pension assets, net pension liabilities, deferred outflows/inflows or resources related to pensions, and pension expense as follows (in thousands):

	2023	2022
Net pension assets:		
LAFPP - proportionate share	$ --	$ 9,885
Total net pension assets	$ --	$ 9,885
Deferred outflows of resources related to pensions:		
LACERS - proportionate share	$ 73,748	$ 57,670
LAFPP - proportionate share	10,537	11,489
Total deferred outflows of resources related to pensions	$ 84,285	$ 69,159
Net pension liabilities:		
LACERS - proportionate share	$ 270,252	$ 168,089
LAFPP - proportionate share	983	--
Total net pension liabilities	$ 271,235	$ 168,089
Deferred inflows of resources related to pensions:		
LACERS - proportionate share	$ 9,506	$ 90,437
LAFPP - proportionate share	3,884	17,223
Total deferred inflows of resources related to pensions	$ 13,390	$ 107,660
Pension expense:		
LACERS - proportionate share	$ 30,097	$ 13,875
LAFPP - proportionate share	3,103	965
Total pension expense	$ 33,200	$ 14,840

See note 13 and note 14, as well as Required Supplementary Information, for additional information.

For purpose of measuring the net OPEB assets, net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of LACERS and LAFPP, and additions to/deductions from LACERS and LAFPP's OPEB fiduciary net positions have been determined on the same basis as they are reported by LACERS and LAFPP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Continued…..

For the fiscal years ended June 30, 2023 and 2022, the Port reported total net OPEB assets, net OPEB liabilities, deferred outflows/inflows or resources related to OPEB, and OPEB expense as follows (in thousands):

	2023	2022
Net OPEB assets:		
LACERS - proportionate share	$ --	$ 9,891
LAFPP - proportionate share	773	1,900
Total net OPEB assets	$ 773	$ 11,791
Deferred outflows of resources related to OPEB:		
LACERS - proportionate share	$ 11,180	$ 9,658
LAFPP - proportionate share	2,211	2,301
Total deferred outflows of resources related to OPEB	$ 13,391	$ 11,959
Net OPEB liabilities:		
LACERS - proportionate share	$ 8,778	$ --
Total net OPEB liabilities	$ 8,778	$ --
Deferred inflows of resources related to OPEB:		
LACERS - proportionate share	$ 12,667	$ 32,707
LAFPP - proportionate share	2,662	4,472
Total deferred inflows of resources related to OPEB	$ 15,329	$ 37,179
OPEB expense (credit):		
LACERS - proportionate share	$ 351	$ (2,498)
LAFPP - proportionate share	437	290
Total OPEB expense (credit)	$ 788	$ (2,208)

See note 13 and note 14, as well as Required Supplementary Information, for additional information.

Capital Contributions – The Port may receive grants for the purpose of acquisition or construction of property and equipment. These grants are generally structured as reimbursements against expenditures. Grants and similar items are recognized as capital contributions as soon as all eligibility requirements imposed by the provider have been met.

Continued…..

Net Position – The statements of net position are designed to display the financial position of the Port. The Port's equity is reported as net position, which is classified into the following categories:

- *Net investment in capital assets* – This category consists of capital assets, reduced by accumulated depreciation and amortization, accrued construction costs payable, and by the outstanding balances of any capital-related bonds, notes, or other debt/borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this category.
- *Restricted* – This category consists of restrictions placed on net position through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments. Constraints may also be imposed by law or constitutional provisions or enabling legislation.
- *Unrestricted* – This category consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources for the purpose for which the restriction exists first and unrestricted resources as needed.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain reclassifications have been made to amounts reported in fiscal year 2022 to conform to the fiscal year 2023 presentation. Such reclassification had no impact on the change in net position previously reported.

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2. Adoption of New GASB Pronouncements

GASB Statement No. 91, *"Conduit Debt Obligations."* Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement has been implemented at the beginning fiscal year 2023.

GASB Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements."* Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement has been implemented at the beginning fiscal year 2023.

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements."* Issued in June 2020, the statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement has been implemented retroactively effective July 1, 2021.

The financial statements as of and for the year ended June 30, 2022 were restated as a result of the implementation of GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements."*

	FY 2022 As Previously Reported	Restatement Related to Adoption of GASB 96	FY 2022 As Restated
Statement of Net Position			
Capital assets:			
Subscription assets, net of accumulated amortization	$ --	$ 2,671	$ 2,671
Current liabilities:			
Accrued interest payable	11,735	34	11,769
Long-term liabilities			
Subscription liability	--	2,277	2,277
Net position:			
Net investment in capital assets	3,065,012	(112)	3,064,900
Unrestricted	763,690	472	764,162

Continued…..

	FY 2022 As Previously Reported	Restatement Related to Adoption of GASB 96	FY 2022 As Restated
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses:			
Outside services	$ 28,596	$ (732)	$ 27,864
Depreciation and Amortization	147,272	297	147,569
Nonoperating Revenue (Expenses):			
Interest expense	(18,962)	(75)	(19,037)
Statement of Cash Flows			
Cash Flow From Operating Activities:			
Payments for goods and services	$ (126,956)	$ 1,644	$ (125,312)
Cash Flow From Capital and Related Financing Activities:			
Payments for property acquisitions and construction	(97,708)	240	(97,468)
Payments for subscription assets	--	(690)	(690)
Interest payments on bonds and financing activities	(30,413)	(42)	(30,455)
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating income	225,938	435	226,373
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	147,272	297	147,569
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Other liabilities	(6,966)	912	(6,054)

GASB Statement No. 99, *"Omnibus 2022"* Issued in April 2022, the statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 have been implemented in prior fiscal year. The requirements related to leases, PPPs, and SBITAs have been implemented in fiscal year 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will be effective beginning fiscal year 2024.

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3. Recent GASB Pronouncements for Future Adoption

The GASB has issued several pronouncements that have effective dates that may affect future presentations. The Port is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

GASB Statement No. 99, *"Omnibus 2022"* Issued in April 2022, the statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs have been implemented in fiscal year 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will be effective beginning fiscal year 2024.

GASB Statement No. 100, *"Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62."* Issued in June 2022, the statement provides guidance on the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement will be effective beginning fiscal year 2024.

GASB Statement No. 101, *"Compensated Absences."* Issued in June 2022, the statement provides guidance on the recognition and measurement of compensated absences by amending and updating certain previously required disclosures under a unified model to better meet the information needs of financial statement users. The statement will be effective beginning fiscal year 2025.

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4. Cash, Cash Equivalents, and Investments

The Port's cash, cash equivalents and investments consist of the following (in thousands):

	2023	2022
Cash in bank and certificates of deposit	$ 229	$ 239
Investment in U.S. Treasury and money market fund	37,105	37,452
Equity in the City of Los Angeles Investment Pools	1,341,891	1,165,801
Total cash, cash equivalents, and investments	$ 1,379,225	$ 1,203,492

Certain of the Port's cash, cash equivalents, and investments are restricted as to use by reason of bond indenture requirements or similar legal mandate. The Port's unrestricted and restricted cash, cash equivalents, and investments are as follows (in thousands):

	2023	2022
Unrestricted cash and cash equivalents	$ 1,281,573	$ 1,144,153
Restricted cash and cash equivalents-current assets		
China Shipping Mitigation Fund	8,469	8,576
Community Mitigation Trust Fund – Trapac	--	385
Narcotics/Customs Enforcement Forfeiture Fund	744	697
Clean Truck Program and Fee Fund	39,215	5
Other	1,808	1,825
Subtotal-restricted cash and cash equivalents	50,236	11,488
Restricted investments-noncurrent assets		
Harbor Revenue Bond Funds	37,105	37,452
Customer Security Deposits	2,869	2,910
Batiquitos Environmental Fund	6,823	6,893
Harbor Restoration Fund	619	596
Subtotal-restricted investments	47,416	47,851
Total restricted cash, cash equivalents, and investments	97,652	59,339
Total cash, cash equivalents, and investments	$ 1,379,225	$ 1,203,492

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A. Deposits

The Port had cash deposits and certificates of deposit with several major financial institutions amounting to $0.2 million at June 30, 2023 and 2022. The deposits were entirely covered by federal depository insurance or collateralized by securities held by the financial institutions in the Port's name in conformance with the California Government Code.

B. Pooled Investments

The cash balances of substantially all funds on deposit in the City Treasury are pooled and invested by the City Treasurer for the purpose of maximizing interest earnings through pooled investment activities but safety and liquidity still take precedence over return. Interest earned on pooled investments is allocated to and recorded in certain participating funds, as authorized by the Los Angeles City Council (City Council) and permitted by the City Charter and the California Government Code, based on each fund's average daily deposit balance. Investments in the City Treasury are measured and categorized by using fair value measurement guidelines established by generally accepted accounting principles.

Pursuant to California Government Code Section 53607 (State Code) and the City Council File No. 94-2160, the City Treasury provides the City Council a statement of investment policy (the Policy) annually. City Council File No. 11-1740 was adopted for the City's investment policy effective September 1, 2018. This Policy shall remain in effect until the City Council and the Mayor approve a subsequent revision. The Policy governs the City's pooled investment practices. The Policy addresses soundness of financial institutions in which the City Treasurer will deposit funds and types of investment instruments permitted by California Government Code Sections 53600-53638, 16340 and 16429.1. The City Treasury further reports that the current policy allows for the purchase of investments with maturities up to thirty (30) years.

Examples of investments permitted by the Policy are obligations of the U.S. Treasury and agencies, local agency bonds, commercial paper notes, certificates of deposit (CD) placement service, bankers' acceptances, medium term notes, repurchase agreements, mutual funds, money market mutual funds, and the State of California Local Agency Investment Fund.

The Port had $1,341.9 million and $1,165.8 million invested in the City's General Pool and three Special Investment Pools, representing approximately 8.6% and 7.9% of the City Treasury's General Pool and Special Investment Pools at June 30, 2023 and 2022, respectively.

The complete disclosures for the entire cash and investment pool are included in a publicly available financial report issued by the City. The report may be obtained by writing or calling: City of Los Angeles Office of the City Controller, 200 N. Main Street, City Hall East Room 300, Los Angeles, CA 90012, (213) 978-7200 or the Los Angeles City Controller's website https://controller.lacity.gov/reports.

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C. Special Investment Pools

Out of $1,341.9 million and $1,165.8 million invested in the City's pooled investments, $60.0 million and $58.1 million were invested in the City's Special Investment Pools as of June 30, 2023 and 2022, respectively. They are the Emergency/ACTA Reserve Fund 751, the Restoration Fund 70L, and the Batiquitos Long-term Investment Fund 72W. Investments in the Special Investment Pools are managed in accordance with the California Government Code Sections 53600-53635 and the City's Policy.

At June 30, 2023 and 2022, investments held in the City's Special Investment Pools and their maturities are as follows (in thousands):

Fiscal Year 2023

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury Securities	$ 258	$ --	$ --	$ --	$ 258
U.S. Agencies securities	59,448	--	3,283	49,898	6,267
Short-term investment funds	298	298	--	--	--
Total investments in special pools	$ 60,004	$ 298	$ 3,283	$ 49,898	$ 6,525

Fiscal Year 2022

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 53,880	$ --	$ --	$ 47,398	$ 6,482
U.S. Agencies securities	858	--	--	595	263
Commercial paper	3,165	--	--	3,165	--
Short-term investment funds	147	147	--	--	--
Total investments in special pools	$ 58,050	$ 147	$ --	$ 51,158	$ 6,745

Interest Rate Risk. The Policy limits the maturity of its investments to five years for the U.S. Treasury and U.S. Agencies securities, local agency bonds, medium term notes, CD placement service, negotiable and non-negotiable certificates of deposit, collateralized bank deposits, mortgage pass-through securities, supranational obligations, state and local agency obligations, and bank/time deposits; one year for repurchase agreements; 270 days for commercial paper; 180 days for bankers' acceptances; 92 days for reverse repurchase agreements; and no maturity for mutual funds. The Policy also allows City funds with longer-term investments horizons, to be invested in securities that at the time of the investment have a term remaining to maturity in excess of five years, but with a maximum final maturity of thirty years.

Credit Risk. The Policy establishes minimum credit rating requirements for investments. There are no credit quality requirements for U.S. Treasury securities and U.S. Agencies securities. Investments in U.S. Agencies securities were not rated individually by S&P nor Moody's (issuers of these securities are rated "AA+/A-1+" by S&P and "Aaa/P-1" by Moody's).

Commercial paper issues must have the highest letter and number rating by nationally recognized statistical rating organization (NRSRO). The issuing corporation must be organized and operating within the United States and have assets in excess of $500.0 million. The Port's investments in commercial paper were rated A-1+ by S&P and P-1 by Moody's.

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Concentration of Credit Risk. The Policy does not allow more than 40% of its investment portfolio to be invested in commercial paper and bankers' acceptances, 30% in certificates of deposit, and medium-term notes, 20% in mutual funds, money market mutual funds or mortgage pass-through securities. The Policy further provides for a maximum concentration limit of 10% in any one issuer including its related entities. There is no percentage limitation on the amount that can be invested in the U.S. Treasury and government agencies. The City's pooled investments comply with these requirements.

D. Other Investments

In each issuance of a parity obligation, the Port is required to establish a reserve fund with a trustee pursuant to the indenture. All moneys in the reserve funds or accounts shall be invested by the trustee solely in permitted investments. Permitted investments on deposit in the debt service reserve funds are valued at fair value and marked to market at least once per half year to meet the specific requirement under the indenture. Investments held in the debt service reserve funds shall mature no later than the final maturity of the bonds.

The Port evaluates the value of the reserve funds on or at August 1 of each year, in accordance with the Indenture of Trust (Indenture). The common reserve was $37.1 million at June 30, 2023 versus $37.5 million at June 30, 2022.

At June 30, 2023 and 2022, investments held in the reserve funds and their maturities are as follows (in thousands):

Fiscal Year 2023

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 25,573	$ --	$ --	$ --	$ 25,573
Short-term investment funds	11,532	11,532	--	--	--
Total investments in reserve funds	$ 37,105	$ 11,532	$ --	$ --	$ 25,573

Fiscal Year 2022

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 24,797	$ --	$ 14,630	$ --	$ 10,167
U.S. Agencies securities	9,385	--	--	--	9,385
Short-term investment funds	3,270	3,270	--	--	--
Total investments in reserve funds	$ 37,452	$ 3,270	$ 14,630	$ --	$ 19,552

Proceeds from any new money bonds should be invested in the "Permitted Investments" specified as follows: (1) direct obligations of the United States of America or obligations of the principal of and interest on which are unconditionally guaranteed by the United States of America; (2) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by the federal or U.S. government agencies identified in the Indenture; (3) money market funds registered under the Federal Securities Act of 1933, and having a rating of AAAm-G, AAA-m, or AA-m by S&P and Aaa, Aa1, or Aa2 by Moody's; (4) certificates of deposit issued by commercial bank, savings and loan associations, or mutual saving banks and secured at all times by collateral held by a third

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party; (5) certificates of deposits, savings accounts, deposit accounts, or money market deposits, which are fully insured by the Federal Deposit Insurance Corporation (FDIC), including the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF); (6) investment agreements including guaranteed investment contracts, forward purchase agreements, and reserve fund agreements with a provider whose long-term unsecured debt is rated not lower than the second highest rating category of Moody's, and S&P; (7) commercial paper rated at the time of purchase, "Prime-1" by Moody's, and "A-1" or better by S&P; (8) bonds or notes issued by any state or municipality, which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies; (9) federal funds or banker's acceptances with a maximum term of one year of any bank, which has an unsecured, uninsured, and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P; and (10) repurchase agreements between the Port and a dealer bank and securities firm. The term of the repurchase agreement may be up to 30 days and the value of the collateral must be equal to 104% of the amount of cash transferred to the dealer bank plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Port, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) then the value of collateral must equal to 105%.

For investments in reserve funds, there are no credit quality requirements for U.S. Treasury securities that are unconditionally guaranteed by the United States of America. Investments in short-term investment funds were rated AAA-m by S&P and Aaa by Moody's. There were no investments containing 5 percent or more of total investments in a single issuer except for U.S. Treasury securities that are unconditionally guaranteed by the United States of America.

E. City of Los Angeles Securities Lending Program

Portions of the Port funds are also used by the City in a Securities Lending Program (SLP) as part of the investment strategy relative to the total pool of funds invested by the City. The SLP is permitted and limited under provisions of California Government Code Section 53601. The City Council approved the SLP on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are safety of loaned securities and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines.

The City's custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction and shall make a reasonable effort for within two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period, the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the fair value of the General Investment Pool (the Pool) is available for lending.

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The City loans out U.S. Treasury Notes, U.S. Agencies securities (e.g., Fannie Mae, Freddie Mac, Federal Home Loan Bank, Farmer Mac, Federal Farm Credit Bank and Tennessee Valley Authority), Medium-term Notes, and Supranational Obligations. The City receives cash as collateral on the loaned securities, which is reinvested in securities permitted under the Policy. In addition, the City receives securities as collateral on loaned securities, which the City has no ability to pledge or sell without borrower default. In accordance with the California Government Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 60 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

During fiscal years 2023 and 2022, collateralizations on all loaned securities were compliant with the required 102% of the fair value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the fiscal year. There was no credit risk exposure to the City because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

The Port's share in the assets and liabilities from the reinvested cash collateral amounted to $5.3 million and $16.0 million as of June 30, 2023 and 2022, respectively.

F. Fair Value Measurement

The Port categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets;
- Level 2 inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived from valuation techniques in which all significant inputs are observable; and
- Level 3 inputs are unobservable inputs.

The Port has the following recurring fair value measurements as of June 30, 2023:

	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 25,573	$ 25,573	$ --	$ --
Total investments - bond funds	$ 25,573	$ 25,573	$ --	$ --
U.S. Treasury securities	$ 258	$ 258	$ --	$ --
U.S. Agencies securities	59,448	--	59,448	--
Total investments - special pools	$ 59,706	$ 258	$ 59,448	$ --

Continued…..

The Port has the following recurring fair value measurements as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 24,797	$ 24,797	$ --	$ --
U.S. Agencies securities	9,385	--	9,385	--
Total investments - bond funds	$ 34,182	$ 24,797	$ 9,385	$ --
U.S. Treasury securities	$ 858	$ 858	$ --	$ --
U.S. Agencies securities	53,880	--	53,880	--
Commercial paper	3,165	--	3,165	
Total investments - special pools	$ 57,903	$ 858	$ 57,045	$ --

Securities classified in Level 1 of the fair value measurements are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a multidimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker-dealer quotes. Investments in Short-term Investment Funds (e.g., money market funds) of the City's Special Investment Pools and Bond Reserve Funds with maturity dates of one year or less are excluded from the fair value measurement.

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5. Capital Assets

The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2023 (in thousands):

	(Restated) Balance July 1, 2022	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2023
Capital assets not depreciated					
Land	$ 1,106,805	$ --	$ --	$ --	$ 1,106,805
Construction in progress	198,177	123,584	--	(40,840)	280,921
Preliminary costs – capital projects	105,990	8,970	--	--	114,960
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	1,423,872	132,554	--	(40,840)	1,515,586
Capital assets depreciated/amortized					
Wharves and sheds	1,235,971	--	--	1,218	1,237,189
Buildings/facilities	3,636,620	496	--	26,979	3,664,095
Equipment	199,873	3,021	(17,552)	12,643	197,985
Intangible assets	12,460	--	--	--	12,460
Right-to-use lease assets	2,219	1,352	(1,757)	--	1,814
Right-to-use subscription assets	2,968	--	--	--	2,968
Total capital assets depreciated/amortized	5,090,111	4,869	(19,309)	40,840	5,116,511
Less accumulated depreciation/ amortization					
Wharves and sheds	(664,531)	(32,884)	--	--	(697,415)
Buildings/facilities	(1,972,937)	(144,549)	--	--	(2,117,486)
Equipment	(172,387)	(12,856)	17,552	--	(167,691)
Intangible assets	(8,762)	(3,698)	--	--	(12,460)
Right-to-use lease assets	(1,727)	(585)	1,757	--	(555)
Right-to-use subscription assets	(297)	(297)	--	--	(594)
Total accumulated depreciation/amortization	(2,820,641)	(194,869)	19,309	--	(2,996,201)
Total capital assets depreciated/ amortized, net	2,269,470	(190,000)	--	40,840	2,120,310
Capital assets, net	$ 3,693,342	$ (57,446)	$ --	$ --	$ 3,635,896

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The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2022, as restated (in thousands):

	(Restated) Balance July 1, 2021	Increase	Decrease	Adjustments and Transfers	(Restated) Balance June 30, 2022
Capital assets not depreciated					
Land	$ 1,106,805	$ --	$ --	$ --	$ 1,106,805
Construction in progress	234,786	115,357	--	(151,966)	198,177
Preliminary costs – capital projects	141,032	--	(23,430)	(11,612)	105,990
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	1,495,523	115,357	(23,430)	(163,578)	1,423,872
Capital assets depreciated/amortized					
Wharves and sheds	1,213,512	--	--	22,459	1,235,971
Buildings/facilities	3,501,671	945	(26)	134,030	3,636,620
Equipment	190,949	4,214	(2,379)	7,089	199,873
Intangible assets	12,460	--	--	--	12,460
Right-to-use lease assets	1,978	241	--	--	2,219
Right-to-use subscription assets	2,968	--	--	--	2,968
Total capital assets depreciated/amortized	4,923,538	5,400	(2,405)	163,578	5,090,111
Less accumulated depreciation/ amortization					
Wharves and sheds	(631,320)	(33,211)	--	--	(664,531)
Buildings/facilities	(1,874,236)	(98,720)	19	--	(1,972,937)
Equipment	(163,202)	(10,866)	1,681	--	(172,387)
Intangible assets	(5,064)	(3,698)	--	--	(8,762)
Right-to-use lease assets	(829)	(898)	--	--	(1,727)
Right-to-use subscription assets	--	(297)	--	--	(297)
Total accumulated depreciation/amortization	(2,674,651)	(147,690)	1,700	--	(2,820,641)
Total capital assets depreciated/ amortized, net	2,248,887	(142,290)	(705)	163,578	2,269,470
Capital assets, net	$ 3,744,410	$ (26,933)	$ (24,135)	$ --	$ 3,693,342

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6. Investment in Joint Powers Authority and Relationship with Other Entities

The Port has entered into two joint powers agreements as follows:

A. Intermodal Container Transfer Facility Joint Powers Authority

The Port and the Harbor Department of the City of Long Beach, California (POLB) entered into a joint powers agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. Pursuant to the agreement creating the ICTF, the Port made several contributions amounting to $2.5 million to the ICTF. The facility, which began operations in December 1986, was developed and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues operations as Union Pacific Corporation (UPC). The Port appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. Both the Port and POLB share income and equity distributions equally.

ICTF has issued bonds in prior years. At June 30, 2023 and 2022, there were no outstanding bonds.

The ICTF's operations are financed from lease revenues by ICTF activities. The ICTF is empowered to perform those actions necessary for the development of the facility, including acquiring, constructing, leasing, and selling any of its property. The Port's share of the ICTF's net position totaled $4.4 million and $5.5 million at June 30, 2023 and 2022, respectively. Separate audited financial statements for ICTF may be obtained from the Executive Director, Intermodal Container Transfer Facility Joint Powers Authority, 415 W. Ocean Boulevard, Long Beach, California 90802 or the ICTF's website at http://ictf-jpa.org.

B. Alameda Corridor Transportation Authority

In August 1989, the Alameda Corridor Transportation Authority (ACTA) was established through a Joint Exercise of Powers Agreement between the Cities of Los Angeles and Long Beach, California. The purpose of ACTA is to acquire, construct, finance, and operate a 20-mile-long consolidated transportation corridor; including an improved railroad expressway between the Port, POLB, and downtown Los Angeles.

The Port has no share of the ACTA's net position and income at June 30, 2023 and 2022, and accordingly, they have not been recorded in the accompanying financial statements due to the separate legal status. If in the future, ACTA is entitled to distribute income or make equity distributions, the Port and POLB shall share such income and equity distributions equally. See Note 15.C. for additional discussion related to the guarantee the Port has made related to the ACTA.

Separate financial statements for ACTA may be obtained from the ACTA's website http://www.acta.org/revenue_finance/financial_statement.asp or the Chief Financial Officer, Alameda Corridor Transportation Authority, 3760 Kilroy Airport Way, Suite 200, Long Beach, California, 90806.

Continued…..

7. Long-Term Debt

A. Bonds and Commercial Paper

Bonds issued by the Port are payable solely from the Port's revenues pledged under indentures and are not general obligations of the City. The Port has agreed to certain covenants with respect to the bonds. Significant covenants include the requirement that the Port's revenues, as defined under indentures, will be sufficient to pay future bond interest and principal maturities. In compliance with the bond indenture Article VII, Sections 7.01 and 7.02 in the event of default by the Port in the due and punctual payment of parity obligations, the trustee may and shall at the direction of the bond certificate owners of not less than a majority in aggregate principal amount of the bonds at the time outstanding, upon notice in writing to the Port, shall declare the principal of all of the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately. Proceeds from sales of bonds are used to finance capital projects around the Port or refund prior issuances to generate debt service savings.

The Port's activities for bonds for fiscal year 2023 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2022	Additions	Deductions	Ending Balance June 30, 2023	Principal Due Within One Year
2014, Series A	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	$ 203,280	$ 171,835	$ --	$ (6,000)	$ 165,835	$ 6,310
2014, Series B	8/1/24 @ 100%	9/18/2014	3.00–5.00%	2045	89,105	78,200	--	(1,875)	76,325	1,970
2014, Series C	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	44,890	39,015	--	(955)	38,060	990
2015, Series A	8/1/25 @ 100%	10/14/2015	2.00–5.00%	2027	37,050	18,740	--	(3,590)	15,150	3,780
2016, Series A	Not applicable	10/13/2016	3.00–5.00%	2025	97,970	15,510	--	(1,710)	13,800	--
2016, Series B	8/1/26 @ 100%	10/13/2016	2.00–5.00%	2037	68,385	63,925	--	(1,010)	62,915	1,060
2016, Series C	8/1/26 @ 100%	10/13/2016	4.00%	2040	35,205	35,205	--	--	35,205	--
2019, Series A	Not applicable	9/18/2019	5.00%	2027	115,065	106,890	--	(25,070)	81,820	29,245
2019, Series B	Not applicable	9/18/2019	5.00%	2030	32,340	32,340	--	--	32,340	--
2019, Series C-1	Not applicable	9/18/2019	5.00%	2026	4,995	4,995	--	--	4,995	--
2019, Series C-2	Not applicable	9/18/2019	5.00%	2027	10,680	10,680	--	--	10,680	--
Total principal amount					$ 738,965	577,335	--	(40,210)	537,125	43,355
Unamortized bond premium						54,391	--	(9,102)	45,289	--
Net revenue bonds						631,726	--	(49,312)	582,414	43,355
Less: current maturities of long-term debt						(40,210)	(43,355)	40,210	(43,355)	--
						$ 591,516	$ (43,355)	$ (9,102)	$ 539,059	$ 43,355

Continued…..

The Port's activities for bonds for fiscal year 2022 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2021	Additions	Deductions	Ending Balance June 30, 2022	Principal Due Within One Year
2009, Series C	8/1/19 @ 100%	7/9/2009	4.00–5.25%	2032	$ 230,160	$ 5,000	$ --	$ (5,000)	$ --	$ --
2011, Series A	8/1/21 @ 100%	7/7/2011	3.00–5.00%	2023	58,930	17,410	--	(17,410)	--	--
2011, Series B	8/1/21 @ 100%	7/7/2011	4.00–5.00%	2026	32,820	32,820	--	(32,820)	--	--
2014, Series A	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	203,280	177,540	--	(5,705)	171,835	6,000
2014, Series B	8/1/24 @ 100%	9/18/2014	3.00–5.00%	2045	89,105	79,985	--	(1,785)	78,200	1,875
2014, Series C	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	44,890	39,940	--	(925)	39,015	955
2015, Series A	8/1/25 @ 100%	10/14/2015	2.00–5.00%	2027	37,050	22,160	--	(3,420)	18,740	3,590
2016, Series A	Not applicable	10/13/2016	3.00–5.00%	2025	97,970	29,595	--	(14,085)	15,510	1,710
2016, Series B	8/1/26 @ 100%	10/13/2016	2.00–5.00%	2037	68,385	64,885	--	(960)	63,925	1,010
2016, Series C	8/1/26 @ 100%	10/13/2016	4.00%	2040	35,205	35,205	--	--	35,205	--
2019, Series A	Not applicable	9/18/2019	5.00%	2027	115,065	113,115	--	(6,225)	106,890	25,070
2019, Series B	Not applicable	9/18/2019	5.00%	2030	32,340	32,340	--	--	32,340	--
2019, Series C-1	Not applicable	9/18/2019	5.00%	2026	4,995	4,995	--	--	4,995	--
2019, Series C-2	Not applicable	9/18/2019	5.00%	2027	10,680	10,680	--	--	10,680	--
Total principal amount					$ 1,060,875	665,670	--	(88,335)	577,335	40,210
Unamortized bond premium						65,687	--	(11,296)	54,391	--
Net revenue bonds						731,357	--	(99,631)	631,726	40,210
Less: current maturities of long-term debt						(47,190)	(40,210)	47,190	(40,210)	--
						$ 684,167	$ (40,210)	$ (52,441)	$ 591,516	$ 40,210

Continued…..

B. Bond Premium

Original bond premium is amortized over the life of the bonds. At the time of bond refunding, the unamortized premium is amortized over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

The unamortized premium for the outstanding bonds for fiscal years 2023 and 2022 are as follows (in thousands):

Harbor Revenue Bonds	2023	2022
2014, Series A	$ 12,886	$ 14,178
2014, Series B	7,121	7,768
2014, Series C	3,703	4,015
2015, Series A	613	1,053
2016, Series A	480	930
2016, Series B	7,622	8,428
2016, Series C	3,126	3,286
2019, Series A	3,456	6,601
2019, Series B	4,585	5,838
2019, Series C-1	379	557
2019, Series C-2	1,318	1,737
Total	$ 45,289	$ 54,391

Continued…..

C. Principal Maturities and Interest

The Port's scheduled annual debt service payments for bonds as of June 30, 2023 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2024	$ 43,355	$ 25,092	$ 68,447
2025	43,415	22,933	66,348
2026	47,955	20,654	68,609
2027	49,480	18,218	67,698
2028	12,295	16,674	28,969
2029-2033	89,840	72,004	161,844
2034-2038	126,370	44,432	170,802
2039-2043	91,465	18,143	109,608
2044-2045	32,950	1,668	34,618
Total	$ 537,125	$ 239,818	$ 776,943

D. New Issuances and Redemption of Debt

There were no new issuances in fiscal years 2023 and 2022.

E. Commercial Paper and Revolving Obligations

The Port has established a Commercial Paper program (Program) supported by bank credit lines to issue commercial paper notes to provide interim financing primarily for the construction, maintenance, and replacement of the Port's structures, facilities, and equipment needs.

Pursuant to an Indenture of Trust dated as of June 1, 2019 by and between the Port and U.S. Bank, National Association and the credit agreement dated as of June 1, 2019 by and between the Port and PNC Bank, National Association, the Port is authorized to issue and to have outstanding up to $150.0 million aggregate principal amount of the Harbor Department of the City of Los Angeles Revenue Revolving Obligations (Revolving Obligations) which constitute parity obligations. The credit agreement expired on June 10, 2022.

There were no outstanding revolving obligations as of June 30, 2023 and 2022.

Continued…..

8. Changes in Long-Term Liabilities

The changes in the Port's long-term liabilities for the year ended June 30, 2023 are as follows (in thousands):

	(Restated) Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due within one year
Revenue bonds	$ 577,335	$ --	$ (40,210)	$ 537,125	$ 43,355
Unamortized premium	54,391	--	(9,102)	45,289	--
Net revenue bonds	631,726	--	(49,312)	582,414	43,355
Accrued salaries and employee benefits	33,504	2,570	--	36,074	20,056
Net pension liabilities	168,089	103,146	--	271,235	--
Net OPEB liabilities	--	8,778	--	8,778	--
Litigation	16,986	15,196	(12,655)	19,527	19,527
Workers' compensation	10,315	388	(1,288)	9,415	1,312
Pollution remediation	67,065	4,522	(6,093)	65,494	2,678
Deposits	16,624	1,338	(720)	17,242	--
Lease liability	506	1,351	(578)	1,279	589
Subscription liability	2,277	--	(731)	1,546	805
Others	5,240	39	--	5,279	--
Total long-term liabilities	$ 952,332	$ 137,328	$ (71,377)	$ 1,018,283	$ 88,322

Continued…..

The changes in the Port's long-term liabilities for the fiscal year ended June 30, 2022, as restated, are as follows (in thousands):

	(Restated) Balance July 1, 2021	Additions	Deductions	(Restated) Balance June 30, 2022	Due within one year
Revenue bonds	$ 665,670	$ --	$ (88,335)	$ 577,335	$ 40,210
Unamortized premium	65,687	--	(11,296)	54,391	--
Net revenue bonds	731,357	--	(99,631)	631,726	40,210
Accrued salaries and employee benefits	33,877	--	(373)	33,504	17,475
Net pension liabilities	287,255	--	(119,166)	168,089	--
Net OPEB liabilities	25,534	--	(25,534)	--	--
Litigation	14,898	2,820	(732)	16,986	16,986
Workers' compensation	12,945	--	(2,630)	10,315	1,280
Pollution remediation	68,950	1,655	(3,540)	67,065	1,891
Deposits	13,378	4,315	(1,069)	16,624	--
Lease liability	1,164	241	(899)	506	277
Subscription liability	--	2,967	(690)	2,277	732
Others	5,218	29	(7)	5,240	--
Total long-term liabilities	$ 1,194,576	$ 12,027	$ (254,271)	$ 952,332	$ 78,851

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9. Pollution Remediation Obligations

The Port's estimated pollution remediation liability as of June 30, 2023 and 2022 totaled $65.5 million and $67.1 million, respectively. These costs relate mostly to soil and groundwater contamination on sites within the Port premises. As certain sites were formerly used for a variety of industrial purposes, legacy contamination or environmental impairments exist. The Port uses a combination of in-house specialists as well as outside consultants to perform estimates of potential liability and accrues pollution remediation liability when costs are incurred or amounts can be reasonably estimated based on expected outlays. Certain remediation contracts are included in site development plans as final uses for the sites have been identified.

The changes in the Port's pollution remediation obligations for fiscal year 2023 are as follows (in thousands):

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Obligating Event					
Violation of pollution prevention related permit or license	$ 895	$ --	$ (11)	$ 884	$ 11
Named by regulator as a potential party to remediation	66,084	1,107	(2,638)	64,553	2,638
Voluntary commencement	86	--	(29)	57	29
Total	$ 67,065	$ 1,107	$ (2,678)	$ 65,494	$ 2,678
Pollution Type					
Soil and/or groundwater remediation	$ 67,065	$ 1,107	$ (2,678)	$ 65,494	$ 2,678

The changes in the Port's pollution remediation obligations for fiscal year 2022 are as follows (in thousands):

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Obligating Event					
Violation of pollution prevention related permit or license	$ 909	$ --	$ (14)	$ 895	$ 14
Named by regulator as a potential party to remediation	67,936	--	(1,852)	66,084	1,857
Voluntary commencement	105	--	(19)	86	20
Total	$ 68,950	$ --	$ (1,885)	$ 67,065	$ 1,891
Pollution Type					
Soil and/or groundwater remediation	$ 68,950	$ --	$ (1,885)	$ 67,065	$ 1,891

Continued…..

10. Employee Deferred Compensation Plan

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 to its employees, in which Port employees participate, allowing them to defer receipt of income. All amounts deferred by the Port's employees are paid to the City, which in turn transfers them to the deferred compensation plan administrator. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such custodial account for the exclusive benefit of the employee participants and their beneficiaries. Information on the Port employees' share of plan assets is not available and is not recorded in the Port's financial statements.

While the City has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the plan or terminate service with the City, they may be eligible to receive payments under the plan in accordance with the provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the plan by the participants, along with their allocated contributions.

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11. Risk Management

The Port purchases insurance for a variety of exposures associated with general liability, property, vessels, cyber, employment practices, pilotage, crime, aircraft, travel, police, special events, and terrorism. The City is self-insured for workers' compensation, and the Port participates in the City's self-insurance program. Automobile liability exposures are self-insured by the Port for $1.0 million and multiple layers of excess liability up to $149.0 million is maintained over the self-insured retention. The excess liability policies also supplement the Port's general and vessel liability policies. There have been no settlements in the past three years that have exceeded the Port's insurance coverage.

The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. The Port's accrued workers' compensation liability at June 30, 2023 and 2022 were $9.4 million and $10.3 million, respectively.

A number of lawsuits were pending against the Port that arose in the normal course of operations. The Port recognizes a liability for claims and when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The City Attorney provides estimates for the amount of liabilities to be probable of occurring from lawsuits. The Port's liability for litigation and other claims at June 30, 2023 and 2022 were $19.5 million and $17.0 million, respectively.

Continued…..

The changes in the Port's estimated claims payable are as follows (in thousands):

	2023	2022	2021
Unpaid claims, July 1			
Workers' compensation	$ 10,315	$ 12,945	$ 14,028
General liability/litigation	16,986	14,898	1,157
Total unpaid claims, July 1	27,301	27,843	15,185
Provision for current year's events and changes in provision for prior year's estimate			
Workers' compensation	388	(1,109)	634
General liability/litigation	15,196	2,820	13,759
Total provision	15,584	1,711	14,393
Claims payments			
Workers' compensation	(1,288)	(1,521)	(1,717)
General liability/litigation	(12,655)	(732)	(18)
Total claims payments	(13,943)	(2,253)	(1,735)
Unpaid claims, June 30			
Workers' compensation	9,415	10,315	12,945
General liability/litigation	19,527	16,986	14,898
Total unpaid claims, June 30	$ 28,942	$ 27,301	$ 27,843
Current portion			
Workers' compensation	$ 1,312	$ 1,280	$ 1,609
General liability/litigation	19,527	16,986	14,898
Total current portion	$ 20,839	$ 18,266	$ 16,507

Continued…..

12. Leases and Subscription Based Information Technology Arrangements

A. Leases

The Port adopted GASB Statement No. 87, *"Leases."* effective July 1, 2020. The Port has recognized lease receivable, accrued interest receivable, deferred inflows of resources related to leases, lease revenues, interests received from leases as a lessor. The Port also recognized right-to-use (RTU) lease assets with related accumulated amortization, lease liabilities, lease expense, amortization expense, and accrued interest payable as a lessee.

Port as Lessor

The Port leases a portion of lands and facilities to tenants for purposes of supporting port operations and serve the surrounding communities. These leases generated 17.9% and 13.8% of the Port's operating revenues in fiscal years 2023 and 2022, respectively. These tenants operate restaurants, yacht clubs, ferry service, boat repair and maintenance shops, freight and logistics services, as well as oil and gas exploration. The terms of these leases are long-term in nature ranging from 1 to 66 years and are subject to periodic review and reset of base amounts. Certain provisions of these leases provide for fixed (i.e., minimum annual guarantee) and variable (i.e., percentage of gross receipts) rental payments.

For the fiscal year ended June 30, 2023, lease payments received by the Port are as follows (in thousands):

	Fixed	Variable	Total
Land and facility rentals	$ 53,883	$ 1,248	$ 55,131

For the fiscal year ended June 30, 2022, lease payments received by the Port are as follows (in thousands):

	Fixed	Variable	Total
Land and facility rentals	$ 45,415	$ 930	$ 46,345

Continued…..

The Port's future annual receipts for these leases as of June 30, 2023 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2024	$ 29,673	$ 9,461	$ 39,134
2025	14,882	8,838	23,720
2026	10,871	8,455	19,326
2027	11,023	8,113	19,136
2028	8,765	7,789	16,554
2029 – 2033	45,903	34,294	80,197
2034 – 2038	46,780	26,488	73,268
2039 – 2043	51,139	18,101	69,240
2044 – 2048	66,595	7,694	74,289
2049 – 2053	10,324	154	10,478
Total	$ 295,955	$ 129,387	$ 425,342

The Port's future annual receipts for these leases as of June 30, 2022 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2023	$ 36,008	$ 9,647	$ 45,655
2024	25,232	8,786	34,018
2025	10,541	8,309	18,850
2026	9,643	8,011	17,654
2027	9,036	7,729	16,765
2028 – 2032	218,398	93,288	311,686
Total	$ 308,858	$ 135,770	$ 444,628

Regulated Leases – The majority of the Port's leases contain nonexclusive right-to-use of the premises and provide retention of ownership by the Port under the State tidelands and Federal maritime regulations. These leases are considered regulated leases.

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For the fiscal years ended June 30, 2023 and 2022, the minimum rental income from such lease agreements was approximately $399.0 million and $367.6 million, respectively, and were reported under shipping services revenue. Certain agreements relate to shipping services and certain concessions provide for the additional payment beyond the fixed portion, based upon tenant usage, revenues, or volumes. Assuming that current agreements are carried to contractual termination, minimum tenant commitments due to the Port are as follows (in thousands):

Fiscal Year	Minimum Rental Income
2024	$ 424,014
2025	435,995
2026	441,718
2027	447,595
2028	453,321
2029-2033	783,997
2034-2038	790,771
2039-2043	356,250
Total	$ 4,133,661

The carrying cost and related accumulated depreciation of property held for regulated leases as of June 30, 2023 and 2022 are as follows (in thousands):

	2023	2022
Wharves and sheds	$ 1,237,189	$ 1,235,970
Wharf facilities	27,327	27,323
Municipal warehouses	13,987	13,987
Port pilot facilities and equipment	16,237	15,711
Buildings and other facilities	1,050,029	1,035,576
Cabrillo Marina	180,183	180,183
Total	2,524,952	2,508,750
Less accumulated depreciation	(1,630,758)	(1,553,185)
Net	$ 894,194	$ 955,565

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Port as Lessee

The Port has obtained right-to-use (RTU) lease assets such as office space, equipment, radio tower space, and vanpool vehicles through long-term leases. At June 30, 2023, RTU lease assets and related accumulated amortization are as follows:

	Balance July 1, 2022	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2023
RTU lease assets - equipment	$ 287	$ 292	$ (287)	$ --	$ 292
RTU lease assets - office space	841	--	(841)	--	--
RTU lease assets - radio tower	605	157	(142)	--	620
RTU lease assets - vehicles	486	902	(486)	--	902
Total RTU lease assets	2,219	1,351	(1,756)	--	1,814
Less accumulated amortization					
RTU lease assets - equipment	(168)	(289)	287	--	(170)
RTU lease assets - office space	(841)	--	841	--	--
RTU lease assets - radio tower	(232)	(170)	142	--	(260)
RTU lease assets - vehicles	(486)	(125)	486	--	(125)
Total accumulated amortization	(1,727)	(584)	1,756	--	(555)
Total RTU lease assets, net	$ 492	$ 767	$ --	$ --	$ 1,259

At June 30, 2022, RTU lease assets and related accumulated amortization are as follows:

	(Restated) Balance July 1, 2021	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2022
RTU lease assets - equipment	$ 287	$ --	$ --	$ --	$ 287
RTU lease assets - office space	841	--	--	--	841
RTU lease assets - radio tower	364	241	--	--	605
RTU lease assets - vehicles	486	--	--	--	486
Total RTU lease assets	1,978	241	--	--	2,219
Less accumulated amortization					
RTU lease assets - equipment	(24)	(144)	--	--	(168)
RTU lease assets - office space	(459)	(382)	--	--	(841)
RTU lease assets - radio tower	(103)	(129)	--	--	(232)
RTU lease assets - vehicles	(243)	(243)	--	--	(486)
Total accumulated amortization	(829)	(898)	--	--	(1,727)
Total RTU lease assets, net	$ 1,149	$ (657)	$ --	$ --	$ 492

Continued…..

The Port's future annual payments under these leases as of June 30, 2023 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2024	$ 589	$ 30	$ 619
2025	433	15	448
2026	257	3	260
Total	$ 1,279	$ 48	$ 1,327

B. Subscription Based Information Technology Arrangements (SBITA)

The Port adopted GASB Statement No. 96, *"Subscription Based Information Technology Arrangements."* effective July 1, 2021. The Port has recognized right-to-use (RTU) subscription assets with related accumulated amortization, subscription liabilities, subscription expense, amortization expense, and accrued interest payable.

The Port has SBITA's that provide subscriptions or license to use a third-party software supporting the Port's operations. Those SBITA's include user licenses for enterprise resources planning (ERP) system and specialized software applications for real estate, port pilot, and customer billing operations. At June 30, 2023, RTU subscription assets and related accumulated amortization are as follows:

	(Restated) Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
RTU subscription assets	$ 2,968	$ --	$ --	$ 2,968
Total RTU subscription assets	2,968	--	--	2,968
Less accumulated amortization RTU subscription assets	(297)	(297)	--	(594)
Total accumulated amortization	(297)	(297)	--	(594)
Total RTU subscription assets, net	$ 2,671	$ (297)	$ --	$ 2,374

Continued…..

At June 30, 2022, RTU subscription assets and related accumulated amortization are as follows:

	Balance July 1, 2021	Increase	Decrease	(Restated) Balance June 30, 2022
RTU subscription assets	$ 2,968	$ --	$ --	$ 2,968
Total RTU subscription assets	2,968	--	--	2,968
Less accumulated amortization RTU subscription assets	--	(297)	--	(297)
Total accumulated amortization	--	(297)	--	(297)
Total RTU subscription assets, net	$ 2,968	$ (297)	$ --	$ 2,671

The Port's future annual payments under these SBITAs as of June 30, 2023 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2024	$ 805	$ 38	$ 843
2025	432	11	443
2026	309	1	310
Total	$ 1,546	$ 50	$ 1,596

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13. Los Angeles City Employees' Retirement System (LACERS)

A. General Information about LACERS

Plan description. All full-time employees of the Port are eligible to participate in LACERS, a single-employer public employee retirement system whose main function is to provide pension benefits such as service and disability retirement benefits as well as death benefits to the civilian employees of the City of Los Angeles. LACERS also administers and provides other postemployment benefits (OPEB) to eligible retirees and their eligible spouses/domestic partners. Under the provisions of the City Charter and California State Constitution, the Board of Administration (LACERS Board) has the responsibility and authority to administer LACERS and to invest its assets. The LACERS Board consists of seven members – four appointed by the Mayor, two elected by active members (current employees), and one elected by retired members. The LACERS Board serve as trustees and must act in the exclusive interest of the LACERS' members and beneficiaries. Changes to the benefit terms require approval of the City Council.

LACERS issues a publicly available financial report that may be obtained by writing or calling: Los Angeles City Employees' Retirement System, 977 N. Broadway, Los Angeles, CA 90012, (800) 779-8328 or LACERS' website https://lacers.org/reports.

Plan Memberships. As of June 30, 2022 and 2021 (measurement date), pension plan membership consisted of the following:

	2022	2021
Retired members or beneficiaries currently receiving benefits	22,399	22,012
Vested terminated members entitled to, but not yet receiving benefits	10,379	9,647
Active members	24,917	25,176
Total	57,695	56,835

As of June 30, 2022 and 2021 (measurement date), OPEB plan membership consisted of the following:

	2022	2021
Retired members or surviving spouses currently receiving benefits	17,753	17,500
Inactive vested members entitled to, but not yet receiving benefits	1,537	1,554
Retired members and beneficiaries entitled but not yet eligible for health benefits	139	141
Active members	24,917	25,176
Total	44,346	44,371

Benefits provided – Pension. LACERS provides service retirement, disability, death and survivor benefits to eligible employees based on employees' years of service, age, and final compensation. There are two tiers of memberships. Under Tier 1, employees with 10 or more

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years of continuous service may retire if they are at age 60 or at least 30 years of service at age 55, or with any years of service at age 70 or older. Full-unreduced retirement benefits are determined as 2.16% per year of the employee's service credit (not greater than 100%), multiplied by the employee's average monthly pensionable salary during the employee's last 12 months of service, or during any other 12 consecutive months of service. Normal retirement allowances are reduced for employees who retire at age 55 with 10 or more years of continuous service, or at any age with 30 or more years of service. Membership to Tier 1 is closed to new entrants. Eligible employees hired on or after July 1, 2013 become members of Tier 2. However, on July 9, 2015, the City and the Coalition of the Los Angeles City Unions representing more than half of the City's civilian workforce reached an agreement which rescinded Tier 2 and created a new tier of benefits. As a result, Ordinance 184134 was adopted on January 12, 2016, and all active Tier 2 members were transferred to Tier 1 as of February 21, 2016.

On or after February 21, 2016, new members became Tier 3 members of LACERS. Under Tier 3, employees may retire at age 60 with at least 10 or more years of service (including 5 years of continuous service) to receive full-unreduced benefits with a 1.50% retirement factor, or at age 55 with at least 30 years of service (including 5 years of continuous service) to receive full-unreduced retirement benefits with a 2.0% retirement factor. In addition, the employee may retire at age 63 with at least 10 years of service to receive an enhanced retirement benefit with a 2.0% retirement factor, or at age 63 with 30 years of service with a 2.1% retirement factor. Full-unreduced retirement benefits are determined as the applicable retirement factor (1.5%, 2.0%, or 2.1%) per year of the employee's service credit (not greater than 80%), multiplied by the employee's last 36 months of final average compensation or any other 36 consecutive months of service. Normal retirement allowances are reduced for employees who retire prior to age 55. LACERS does not have a mandatory retirement age.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are made each July 1 based on the percentage change in the average Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area – All Items For All Urban Consumers, to a maximum increase in retirement allowance of 3% per year, excess banked, for Tier 1 members and 2% per year, excess not banked, for Tier 3 members.

LACERS covers all full-time personnel and department-certified part-time employees of the Port, except for sworn employees of certain Port Police officers.

Benefits provided – OPEB. LACERS also provides postemployment health care benefits to eligible retirees and their eligible spouses/domestic partners who participate in the pension plan. These benefits may also extend to the coverage of other eligible dependent(s). Eligible retirees and their eligible spouses/domestic partners can choose from health plans including medical, dental, and vision benefits or participate in a premium reimbursement program. Members with ten or more years of service who retire after age 55, or employees who retire at age 70 with no minimum service requirement, are eligible for the benefits with an approved health carrier. The eligible employees earn 4% per year of service credit for their annual medical subsidy. Eligible spouses/domestic partners of plan members are entitled to the postemployment health care benefits after the retired member's death.

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Contributions – pension. The LACERS Board establishes and may amend the contribution requirements of the System members and the City in accordance with Article XI Sections 1158 and 1160 of the Los Angeles City Charter, which provides for periodic employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll together with certain fixed amounts, are sufficient to accumulate the required assets to pay benefits when due. The average employer contribution rates for pension benefits are 30.32% and 28.84% of covered payroll for the fiscal years ended June 30, 2023 and 2022, respectively. The Port has made 100% of the actuarially determined contributions for both fiscal years. All members are required to make pension contributions to LACERS regardless of the tier in which they are included. Currently, Tiers 1 and 3 members contribute at 11% of compensation.

Contributions – OPEB. The LACERS Board establishes and may amend the contribution requirements of the System members and the City in accordance with Article XI Sections 1158 and 1160 of the Los Angeles City Charter, which provides for periodic employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll together with certain fixed amounts, are sufficient to accumulate the required assets to pay benefits when due. The average employer contribution rates are 3.96% and 4.40% of covered payroll for the fiscal years ended June 30, 2023 and 2022, respectively. The Port has made 100% of the actuarially determined contributions for both fiscal years. Members are not required to contribute to the OPEB plan.

Pension plan fiduciary net position and OPEB plan fiduciary net position. Detailed information about the pension and OPEB plans' fiduciary net positions are available in the separately issued LACERS financial report.

B. Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2023 and 2022, the Port reported a liability of $270.3 million and $168.1 million, respectively, for its proportionate share of the net pension liability of LACERS. The net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port's proportion of the net pension liability was based on the Port's share of actual contributions to the pension plan relative to the actual contributions of all participating departments, actuarially determined. The Port's proportionate share was determined to be 3.825% and 3.852% for fiscal years ended June 30, 2023 and 2022, respectively.

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For the fiscal years ended June 30, 2023 and 2022, the Port recognized pension expense of $30.1 million and $13.9 million, respectively.

At June 30, 2023 and 2022, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2023	2022
Pension contributions subsequent to measurement date	$ 25,751	$ 23,421
Changes of assumptions or other inputs	8,943	17,091
Differences between actual and expected experience in the total pension liability	4,954	8,428
Changes in proportion and differences between employer's contributions and proportionate share of contributions	6,569	8,730
Net excess of projected and actual earnings on pension plan investments	27,531	--
Total	$ 73,748	$ 57,670

Pension contributions of $25.8 million and $23.4 million made subsequent to the measurement date were reported as deferred outflows of resources related to pensions at June 30, 2023 and 2022, respectively, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

At June 30, 2023 and 2022, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2023	2022
Changes in proportion and differences between employer's contributions and proportionate share of contributions	$ 2,776	$ 3,689
Net excess of actual over projected earnings on pension investments	--	79,999
Differences between expected and actual experience in the total pension liability	6,730	6,749
Total	$ 9,506	$ 90,437

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At June 30, 2023 and 2022, the net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the next five years and thereafter as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2023	2022
2023	$ N/A	$ (9,692)
2024	10,823	(10,376)
2025	9,245	(11,972)
2026	(2,872)	(24,178)
2027	21,295	30
2028	--	--
Thereafter	--	--

The amortization table does not include pension contributions made after the measurement date. Deferred outflows of $25.8 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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Actuarial assumptions. The Port's net pension liabilities as of June 30, 2023 and 2022 were determined by actuarial valuations as of June 30, 2022 and 2021, respectively. The actuarial assumptions used in the June 30, 2022 and 2021 actuarial valuations were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2019. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2022 and 2021 actuarial valuations:

Actuarial assumptions	2022	2021
Actuarial cost method	Entry age	Entry age
Inflation	2.75%	2.75%
Projected salary increases	Ranges from 4.25% to 9.95% based on years of service	Ranges from 4.25% to 9.95% based on years of service
Cost-of-living adjustments	2.75% maximum for Tier 1 and 2.00% maximum for Tier 3	2.75% maximum for Tier 1 and 2.00% maximum for Tier 3
Investment rate of return	7.00%	7.00%
Mortality (Post-Retirement)	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above Median Mortality table projected with Scale MP-2019	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above Median Mortality table projected with Scale MP-2019

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Long-term expected rate of return by asset class. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuations as of June 30, 2022 and 2021. This information is subject to change every three years based on an actuarial experience study.

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
U.S. Larger Cap Equity	15.01%	5.54%	15.01%	5.54%
U.S. Small Cap Equity	3.99%	6.25%	3.99%	6.25%
Developed International Large Cap Equity	17.01%	6.61%	17.01%	6.61%
Developed International Small Cap Equity	2.97%	6.90%	2.97%	6.90%
Emerging International Large Cap Equity	5.67%	8.74%	5.67%	8.74%
Emerging International Small Cap Equity	1.35%	10.63%	1.35%	10.63%
Core Bonds	13.75%	1.19%	13.75%	1.19%
High Yield Bond	2.00%	3.14%	2.00%	3.14%
Bank Loan	2.00%	3.70%	2.00%	3.70%
TIPS	4.00%	0.86%	4.00%	0.86%
Emerging Market Debt (External)	2.25%	3.55%	2.25%	3.55%
Emerging Market Debt (Local)	2.25%	4.75%	2.25%	4.75%
Core Real Estate	4.20%	4.60%	4.20%	4.60%
Non-Core Real Estate	2.80%	5.76%	2.80%	5.76%
Cash	1.00%	0.03%	1.00%	0.03%
Commodities	1.00%	3.33%	1.00%	3.33%
Private Equity	14.00%	8.97%	14.00%	8.97%
Private Credit/Debt	3.75%	6.00%	3.75%	6.00%
Real Estate Investment Trusts (REITS)	1.00%	5.98%	1.00%	5.98%
Total	100.00%		100.00%	

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Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made at rates equal to actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2022 and 2021.

Sensitivity of the Port's proportionate share of net pension liability to change in the discount rate. The following presents the Port's proportionate share of the net pension liability of LACERS as of June 30, 2023 and 2022, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net pension liability	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2023	$391,770	$270,252	$169,684
June 30, 2022	$287,769	$168,089	$69,102

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C. Net OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Port reported a liability of $8.8 million for its proportionate share of the net OPEB liability of LACERS. At June 30, 2022, the Port reported an asset of $9.9 million for its proportionate share of the net OPEB liability of LACERS. The net OPEB asset or liability was measured as of June 30, 2022 and 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Port's proportion of the net OPEB liability was based on the Port's share of actual contributions to the OPEB plan relative to the actual contributions of all participating departments, actuarially determined. The Port's proportionate share was determined to be 3.769% and 3.781% for the fiscal years ended June 30, 2023 and 2022, respectively.

For the fiscal years ended June 30, 2023 and 2022, the Port recognized OPEB expense of $0.4 million and OPEB credit of $2.5 million, respectively.

At June 30, 2023 and 2022, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2023	2022
OPEB contributions subsequent to measurement date	$ 3,361	$ 3,571
Changes of assumptions or other inputs	3,228	4,758
Differences between expected and actual experience in the total OPEB liability	321	502
Changes in proportion and differences between employer's contributions and proportionate share of contributions	672	827
Net excess of projected over actual earnings on OPEB plan investments	3,598	--
Total	$ 11,180	$ 9,658

OPEB contributions of $3.4 million and $3.6 million made subsequent to the measurement date were reported as deferred outflows of resources related to OPEB at June 30, 2023 and 2022, respectively, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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At June 30, 2023 and 2022, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2023	2022
Changes in proportion and differences between employer's contributions and proportionate share of contributions	$ 590	$ 878
Changes of assumptions or other inputs	7,540	5,021
Net excess of actual over projected earnings on OPEB plan investments	--	20,589
Differences between expected and actual experience in the total OPEB liability	4,537	6,219
Total	$ 12,667	$ 32,707

At June 30, 2023 and 2022, the net amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the next five years and thereafter is as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2023	2022
2023	$ N/A	$ (6,367)
2024	(1,770)	(5,824)
2025	(2,267)	(6,323)
2026	(3,003)	(7,062)
2027	3,246	(792)
2028	(932)	(252)
2029	(122)	--
Thereafter	--	--

The amortization table does not include OPEB contributions made after the measurement date. Deferred outflows of $3.4 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

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Actuarial assumptions. The Port's net OPEB liabilities as of June 30, 2023 and 2022 were determined by actuarial valuations as of June 30, 2022 and 2021, respectively. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period the July 1, 2016 through June 30, 2019 dated June 17, 2020 and retiree health assumptions letter dated September 20, 2022.The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study for the July 1, 2016 through June 30, 2019 dated June 17, 2020 and retiree health assumptions letter dated September 21, 2021. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2022 and 2021 actuarial valuations:

Actuarial assumptions	2022	2021
Actuarial cost method	Entry age	Entry age
Inflation	2.75%	2.75%
Projected salary increases	Ranges from 4.25% to 9.95% based on years of service	Ranges from 4.25% to 9.95% based on years of service
Investment rate of return	7.00%	7.00%
Mortality (Post-Retirement)	Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality table projected with Scale MP-2019	Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality table projected with Scale MP-2019
Healthcare cost trend rates	7.12% graded down to 4.50% over 11 years for non-Medicare medical plan costs; 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.00% for dental; and 4.50% for Medicare Part B costs	7.37% graded down to 4.50% over 12 years for non-Medicare medical plan costs; 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.00% for dental; and 4.50% for Medicare Part B costs

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Long-term expected rate of return by asset class. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuations as of June 30, 2022 and 2021. This information is subject to change every three years based on the actuarial experience study.

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
U.S. Larger Cap Equity	15.01%	5.54%	15.01%	5.54%
U.S. Small Cap Equity	3.99%	6.25%	3.99%	6.25%
Developed International Large Cap Equity	17.01%	6.61%	17.01%	6.61%
Developed International Small Cap Equity	2.97%	6.90%	2.97%	6.90%
Emerging International Large Cap Equity	5.67%	8.74%	5.67%	8.74%
Emerging International Small Cap Equity	1.35%	10.63%	1.35%	10.63%
Core Bonds	13.75%	1.19%	13.75%	1.19%
High Yield Bond	2.00%	3.14%	2.00%	3.14%
Bank Loan	2.00%	3.70%	2.00%	3.70%
TIPS	4.00%	0.86%	4.00%	0.86%
Emerging Market Debt (External)	2.25%	3.55%	2.25%	3.55%
Emerging Market Debt (Local)	2.25%	4.75%	2.25%	4.75%
Core Real Estate	4.20%	4.60%	4.20%	4.60%
Non-Core Real Estate	2.80%	5.76%	2.80%	5.76%
Cash	1.00%	0.03%	1.00%	0.03%
Commodities	1.00%	3.33%	1.00%	3.33%
Private Equity	14.00%	8.97%	14.00%	8.97%
Private Credit/Debt	3.75%	6.00%	3.75%	6.00%
Real Estate Investment Trusts (REITS)	1.00%	5.98%	1.00%	5.98%
Total	100.00%	5.50%	100.00%	5.50%

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Discount rate. The discount rate used to measure the total OPEB liability were 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of both June 30, 2022 and June 30, 2021.

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the discount rate. The following presents the Port's proportionate share of the net OPEB liability/(asset) of LACERS as of June 30, 2023 and 2022, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2023	$27,655	$8,778	$(6,698)
June 30, 2022	$8,746	$(9,891)	$(25,181)

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the healthcare cost trend rate. The following presents the Port's proportionate share of the net OPEB liability/(asset) of LACERS, as well as what LACERS' net OPEB liability/(asset) would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current healthcare trend rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease	Current healthcare trend rate*	1% Increase
June 30, 2023	$(8,139)	$8,778	$29,858
June 30, 2022	$(26,623)	$(9,891)	$10,954

*See page 96 for current healthcare trend rate.

Note 13. A to C on LACERS pension and OPEB plans were derived from information prepared by LACERS and the City.

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14. City of Los Angeles Fire and Police Pension System (LAFPP)

A. General Information about LAFPP

Plan description. LAFPP is a single-employer public employee retirement system whose main function is to provide defined benefit pension benefits to the safety members employed by the City of Los Angeles. Members of LAFPP are entitled to other postemployment benefits (OPEB) such as healthcare subsidy. LAFPP is administered by a Board of Commissioners (LAFPP Board) composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police members of the plan and two commissioners elected by Fire members of the plan. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the LAFPP Board has the responsibility to administer the plan. Changes to the benefit terms require approval by the City Council.

LAFPP is composed of six tiers. Tier 6 is the current tier for all Harbor Port Police Officers hired on or after July 1, 2011. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2011.

LAFPP issues a publicly available financial report that may be obtained by writing or calling: Los Angeles Fire and Police Pension system, 701 East 3rd Street, Suite 200, Los Angeles, CA 90013, (213) 279-3000 or LAFPP's website https://www.lafpp.com/financial-reports.

Plan memberships. As of June 30, 2022 and 2021 (measurement date), pension plan membership consisted of the following:

	2022	2021
Retired members or beneficiaries currently receiving benefits	13,821	13,527
Vested terminated members entitled to, but not yet receiving benefits	723	633
Active members	12,771	12,823
Total	27,315	26,983

As of June 30, 2022 and 2021 (measurement date), OPEB plan membership consisted of the following:

	2022	2021
Retired members, married dependents and beneficiaries currently receiving benefits	18,231	17,909
Vested terminated members, retirees, and beneficiaries entitled to, but not yet receiving benefits	1,011	948
Active members	12,771	12,823
Total	32,013	31,680

Benefits provided – pension. LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower. Information about benefits for Tiers 1 through 4 members is available in the separately issued LAFPP financial report. Tier 5 members must be at least age

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50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 5 provides for postemployment COLAs based on the Consumer Price Index (CPI) to a maximum of 3% per year. However, any increase in CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 6 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for postemployment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Benefits provided – OPEB. LAFPP provides the following other postemployment benefits (OPEB) to eligible members:

- Subsidy for members not eligible for Medicare A & B – 4% per year of service, to a maximum of 100%, times a monthly maximum subsidy amount, subject to a maximum of actual premium paid to the LAFPP Board's approved health carrier.

- Subsidy for members eligible for Medicare A & B – For retirees, the health subsidy is provided subject to the following vesting schedule. Surviving spouses/domestic partners are eligible for benefits upon the death of the member.

Completed Years of Services	Vested Percentage
10-14	75%
15-19	90%
20+	100%

- Medicare Part B Related Subsidy – For retired members enrolled in Medicare A & B who are receiving a subsidy, the LAFPP provides payment of Part B premiums.

- Dental Subsidy – 4% per year of service, to a maximum of 100%, times a monthly maximum subsidy amount, subject to a maximum of the single-party premium paid to the LAFPP Board approved dental carrier.

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Contributions – pension. The LAFPP Board establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the LAFPP plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded actuarial liabilities over a period not to exceed thirty years. The City Administrative Code and related ordinance define member contributions.

All members are required to make contributions to LAFPP based on the member's contribution rate for his or her tier. These rates range from 8 to 9 % of salaries for members in Tiers 3 through 5, while members in Tier 6 contribute 11 % of salary. However, members are exempt from making contributions when their continuous service exceeds 30 years for Tier 1 through 4, and 33 years for Tier 5 and Tier 6. Members under Tiers 1 and 2 are retired or have completed at least 30 years of service and therefore no longer make pension contributions.

For fiscal years 2023 and 2022, the average employer contribution rates for pension benefits are 26.13% and 28.01%, respectively, of covered payroll. The Port has made 100% of the actuarially determined contributions for both fiscal years.

Contributions – OPEB. The LAFPP Board establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the LAFPP plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is expected to be sufficient to make all benefit payments to current members. The average employer contribution rates are 7.36% and 7.89% of covered payroll for fiscal years ended June 30, 2023 and 2022, respectively. Members are not required to contribute to the OPEB plan.

Pension plan fiduciary net position and OPEB plan fiduciary net position. Detailed information about the LAFPP's pension and OPEB plans' fiduciary net position is available in the separately issued LAFPP financial report.

B. Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2023, the Port reported a liability of $1.0 million for its proportionate share of the net pension liability of LAFPP. At June 30, 2022, the Port reported an asset of $9.9 million for its proportionate share of the net pension liability of LAFPP. The net pension asset or liability was measured as of June 30, 2022 and 2021, respectively. The plan assets were valued as of the measurement dates and the total pension liability (TPL) as of June 30, 2022 and 2021 was determined based upon rolling forward the TPL from actuarial valuation as of June 30, 2021 and 2020, respectively. The Port's proportion of the net pension liability was based on the Port's share of actual contributions to the pension plan relative to the actual contributions of all participating employers, actuarially determined. The Port's proportionate share was determined to be 0.152% and 0.366% for fiscal years ended June 30, 2023 and 2022, respectively.

For the fiscal years ended June 30, 2023 and 2022, the Port recognized pension expense of $3.1 million and $1.0 million, respectively.

Continued…..

At June 30, 2023 and 2022, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2023	2022
Pension contributions subsequent to measurement date	$ 4,409	$ 4,637
Changes of assumptions or other inputs	1,477	2,355
Net difference between projected and actual earnings on pension plan investments	1,160	--
Differences between actual and expected experience in the total pension liability	3,491	4,497
Total	$ 10,537	$ 11,489

Pension contributions of $4.4 million and $4.6 million made subsequent to the measurement date were reported as deferred outflows of resources related to pensions at June 30, 2023 and 2022, respectively, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

At June 30, 2023 and 2022, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2023	2022
Differences between expected and actual experience in the total pension liability	$ 3,884	$ 751
Net difference between actual and projected earnings on pension plan investments	--	16,472
Total	$ 3,884	$ 17,223

Continued…..

At June 30, 2023 and 2022, the net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the next five years and thereafter as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2023	2022
2023	$ N/A	$ (2,634)
2024	381	(2,211)
2025	34	(2,559)
2026	(1,109)	(3,702)
2027	3,329	735
2028	(391)	--
Thereafter	--	--

The amortization table does not include pension contributions made after the measurement date. Deferred outflows of $4.4 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Actuarial assumptions. The TPL as of June 30, 2022 and 2021 that were measured by actuarial valuations as of June 30 2021 and 2020, respectively, used the following actuarial assumptions, which were based on the July 1, 2016 through June 30, 2019 Experience Study Report dated May 13, 2020, applied to all periods included in the measurement.

Actuarial assumptions	2022	2021
Actuarial cost method	Entry age	Entry age
Inflation	2.75%	2.75%
Projected salary increases	Ranges from 4.15% to 12.25% based on years of service, including inflation	Ranges from 4.15% to 12.25% based on years of service, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation
Mortality (Post-Retirement)	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2019	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2019
Cost-of-living adjustments	3.00% of retirement income for all Tiers	3.00% of retirement income for all Tiers

Continued…..

Long-term expected rate of return by asset class. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each measurement class, after deducting inflation, but before reduction for investment expenses are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuations as of June 30, 2022 and June 30, 2021. The information will change every three years based on the actuarial experience study.

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	5.40%	23.00%	5.40%
Small Cap U.S. Equity	6.00%	6.20%	6.00%	6.20%
Developed International Equity	16.00%	6.54%	16.00%	6.54%
Emerging Market Equity	5.00%	8.78%	5.00%	8.78%
U.S. Core Fixed Income	13.00%	1.07%	13.00%	1.07%
TIPS	4.00%	0.62%	4.00%	0.62%
High Yield Bonds	3.00%	3.31%	3.00%	3.31%
Real Estate	7.00%	4.65%	7.00%	4.65%
Commodities	5.00%	3.05%	5.00%	3.05%
Cash	1.00%	0.01%	1.00%	0.01%
Unconstrained Fixed Income	2.00%	1.37%	2.00%	1.37%
Private Equity	12.00%	8.25%	12.00%	8.25%
REITS	3.00%	4.40%	3.00%	4.40%
Total	100.00%	4.99%	100.00%	4.99%

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

Continued…..

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2022 and 2021.

Sensitivity of the Port's proportionate share of net pension liability/(asset) to change in the discount rate. The following presents the Port's proportionate share of the net pension liability/(asset) as of June 30, 2023 and 2022, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate what is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net pension liability/(asset)	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2023	$22,722	$983	$(16,263)
June 30, 2022	$10,886	$(9,885)	$(26,337)

Continued…..

C. Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Port reported an asset of $0.8 million for its proportionate share of the net OPEB liability of LAFPP. At June 30, 2022, the Port reported an asset of $1.9 million for its proportionate share of the net OPEB liability of LAFPP. The net OPEB asset or liability was measured as of June 30, 2022 and 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Port's proportion of the net OPEB liability was based on the Port's share of actual contributions to the OPEB plan relative to the actual contributions of all participating departments, actuarially determined. The Port's proportionate share was determined to be -0.083% and -0.210% for the fiscal years June 30, 2023 and 2022, respectively.

For the fiscal years ended June 30, 2023 and 2022, the Port recognized OPEB expense of $0.4 million and $0.3 million, respectively.

At June 30, 2023 and 2022, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2023	2022
OPEB contributions subsequent to measurement date	$ 1,242	$ 1,306
Changes of assumptions or other inputs	673	884
Net difference between projected and actual earnings on OPEB plan investments	239	--
Differences between expected and actual experience in the total OPEB liability	57	111
Total	$ 2,211	$ 2,301

OPEB contributions of $1.2 million and $1.3 million made subsequent to the measurement date were reported as deferred outflows of resources related to OPEB at June 30, 2023 and 2022, respectively, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Continued…..

At June 30, 2023 and 2022, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2023	2022
Changes of assumptions or other inputs	$ 1,606	$ 495
Differences between expected and actual experience in the total OPEB liability	1,056	1,220
Net difference between actual and projected earnings on OPEB plan investments	--	2,757
Total	$ 2,662	$ 4,472

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2023	2022
2023	$ N/A	$ (758)
2024	(352)	(711)
2025	(437)	(796)
2026	(528)	(887)
2027	164	(196)
2028	(325)	(129)
Thereafter	(215)	--

The amortization table does not include OPEB contributions made after the measurement date. Deferred outflows of $1.2 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

Actuarial assumptions. The Port's net OPEB liability as of June 30, 2023 and 2022 were determined by actuarial valuations as of June 30, 2022 and 2021, respectively. The Total OPEB Liability (TOL) as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019 with the exception of the mortality assumption where the LAFPP adopted the updated Pub-2010 mortality tables proposed in a separate letter dated December 12, 2019 and health assumptions letter dated September 8, 2022. They are the same as the assumptions used in the June 30, 2022 funding actuarial valuation. The TOL as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2016

Continued…..

through June 30, 2019 with the exception of the mortality assumption where the LAFPP adopted the updated Pub-2010 mortality tables proposed in a separate letter dated December 12, 2019 and health assumptions letter dated September 8, 2021. They are the same as the assumptions used in the June 30, 2021 funding actuarial valuation. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2022 and 2021 actuarial valuations:

Actuarial assumptions	2022	2021
Actuarial cost method	Entry age	Entry age
Inflation	2.75%	2.75%
Projected salary increases	Ranges from 4.15% to 12.25% based on years of service, including inflation	Ranges from 4.15% to 12.25% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Mortality (Post-Retirement)	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2019	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2019
Healthcare cost trend rates	7.25% graded down to 4.50% over 11 years for non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs; 3.00% for all years for dental; and 4.50% for all years for Medicare Part B costs.	7.50% graded down to 4.50% over 12 years for non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs; 4.00% for all years for dental; and 4.50% for all years for Medicare Part B costs.

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Long-term expected rate of return by asset class. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each measurement class, after deducting inflation, but before reduction for investment expenses are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuations as of June 30, 2022 and June 30, 2021. The information will change every three years based on the actuarial experience study.

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	5.40%	23.00%	5.40%
Small Cap U.S. Equity	6.00%	6.20%	6.00%	6.20%
Developed International Equity	16.00%	6.54%	16.00%	6.54%
Emerging Market Equity	5.00%	8.78%	5.00%	8.78%
U.S. Core Fixed Income	13.00%	1.07%	13.00%	1.07%
TIPS	4.00%	0.62%	4.00%	0.62%
High Yield Bonds	3.00%	3.31%	3.00%	3.31%
Real Estate	7.00%	4.65%	7.00%	4.65%
Commodities	5.00%	3.05%	5.00%	3.05%
Cash	1.00%	0.01%	1.00%	0.01%
Unconstrained Fixed Income	2.00%	1.37%	2.00%	1.37%
Private Equity	12.00%	8.25%	12.00%	8.25%
REITS	3.00%	4.40%	3.00%	4.40%
Total	100.00%	4.99%	100.00%	4.99%

Discount rate. The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the

Continued…..

long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2022 and June 30, 2021.

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the discount rate. The following presents the Port's proportionate share of the net OPEB liability/(asset) as of June 30, 2023 and 2022, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2023	$3,041	$(773)	$(3,772)
June 30, 2022	$1,898	$(1,900)	$(4,875)

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the healthcare cost trend rate. The following presents the Port's proportionate share of the net OPEB liability/(asset), as well as what LAFPP net OPEB liability/(asset) would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current healthcare trend rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease	Current healthcare trend rate*	1% Increase
June 30, 2023	$(4,299)	$(773)	$3,901
June 30, 2022	$(5,404)	$(1,900)	$2,772

*See page 108 for current healthcare trend rate.

Note 14. A to C on LAFPP pension and OPEB plans were derived from information prepared by LAFPP and the City.

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15. Commitments, Litigation and Contingencies

A. Commitments

Open purchase orders and uncompleted construction contracts amounted to approximately $35.9 million and $25.3 million as of June 30, 2023 and 2022, respectively. Such open commitments do not lapse at the end of the Port's fiscal year and are carried forth to succeeding periods until fulfilled.

In 1985, the Port received a parcel of land, with an estimated value of $14.0 million from the federal government, for the purpose of constructing a marina. The Port has agreed to reimburse the federal government up to $14.0 million from excess revenues, if any, generated from marina operations after the Port has recovered all costs of construction. No such payments were made in fiscal years 2023 and 2022.

B. Litigation

The Port is also involved in certain litigation arising in the normal course of business. In the opinion of management, there is no pending litigation or unasserted claims, the outcome of which would materially affect the financial position of the Port.

C. Contingencies

As a recipient of federal and state grant funds, the Port is subject to audits and compliance reviews by, or on behalf of, the granting agencies to determine whether the expenditure of granted funds has been made in accordance with grant provisions. Such audits and compliance reviews could result in the potential disallowance of expenditures claimed by the Port. The Port's management believes that the Port has complied with the terms of its grant agreements and that the possible adverse effects, if any, of disallowed grant expenditures that may be determined by the granting agencies would not be material to the Port.

Agreement negotiations with customers could result in modifications of compensation provisions for the Port's revenues. Such modifications may have a cumulative impact on the Port's revenues.

D. Alameda Corridor Transportation Authority (ACTA) Agreement

In August 1989, the Port and the POLB (the Ports) entered into a joint exercise of powers agreement and formed ACTA for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way and an improved highway and railroad network along Alameda Street between the Santa Monica Freeway and the Ports in San Pedro Bay, linking the Ports to the central Los Angeles area. The Alameda Corridor began operating on April 15, 2002. ACTA is governed by a seven-member board, which is comprised of two members from each Port, one each from the Cities of Los Angeles and Long Beach and one from the Metropolitan Transportation Authority.

In October 1998, the Ports, ACTA, and the railroad companies, which operate on the corridor, entered into a Corridor Use and Operating Agreement (Corridor Agreement). The Corridor

Continued…..

Agreement provides for operation of the corridor to transport cargo into and out of the Ports. Payment of use fees and container charges, as defined in the Corridor Agreement are used to pay (a) the debt service that ACTA incurs on outstanding bonds, (b) for the cost of funding required reserves and costs associated with the financing, including credit enhancement and rebate requirements, and (c) repayment and reimbursement obligations to the Ports, (collectively, ACTA Obligations). Use fees end in 2062 or sooner if the ACTA Obligations are paid off earlier.

If ACTA revenues are insufficient to pay ACTA Obligations outlined in (a) and (b) above, the Corridor Agreement obligates each Port to pay up to twenty percent (20%) of the shortfall (Shortfall) for each debt service payment date. If this event occurs, the Ports' payments to ACTA are intended to provide cash for debt service payments and to assure that the Alameda Corridor is available to maintain continued cargo movement through the Ports. The Ports are required to include expected Shortfall payments in their budgets, but Shortfall payments are subordinate to other obligations of the Port, including the bonds and commercial paper currently outstanding. The Port does not and is not required to take Shortfall payments into account when determining whether it may incur additional indebtedness or when calculating compliance with rate covenants under the respective bond indentures and resolutions related to each Port bond or indebtedness.

An amended and restated Corridor Agreement became effective December 15, 2016, which (1) incorporated the July 5, 2006 First Amendment to the Corridor Agreement; (2) replaced the Operating Committee with an alternative decision-making process for management of Alameda Corridor maintenance and operations; and (3) removed construction related provisions and updated certain other provisions to reflect current conditions and practices. The Los Angeles Board of Harbor Commissioners approved the amended and restated Corridor Agreement at a meeting held on October 24, 2016.

In 2022, ACTA issued Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2022A, Taxable Senior Lien Revenue Refunding Bonds, Series 2022B, and Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds Series 2022C (Series 2022 Bonds). With the intent of reducing future Shortfall payments, the issuance of the Series 2022 Bonds restructured ACTA's debt. There were no Shortfall payments in both fiscal years 2023 and 2022.

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16. Related-Party Transactions

During the normal course of business, the Port is charged for services provided by the City, the most significant of which is related to fire protection, museum and park maintenance, and legal services. Total amounts charged by the City for services approximate $47.8 million and $45.5 million in fiscal years 2023 and 2022, respectively. In addition, the amounts charged by the City for water and electricity usage approximate $27.4 million and $34.9 million in fiscal years 2023 and 2022, respectively.

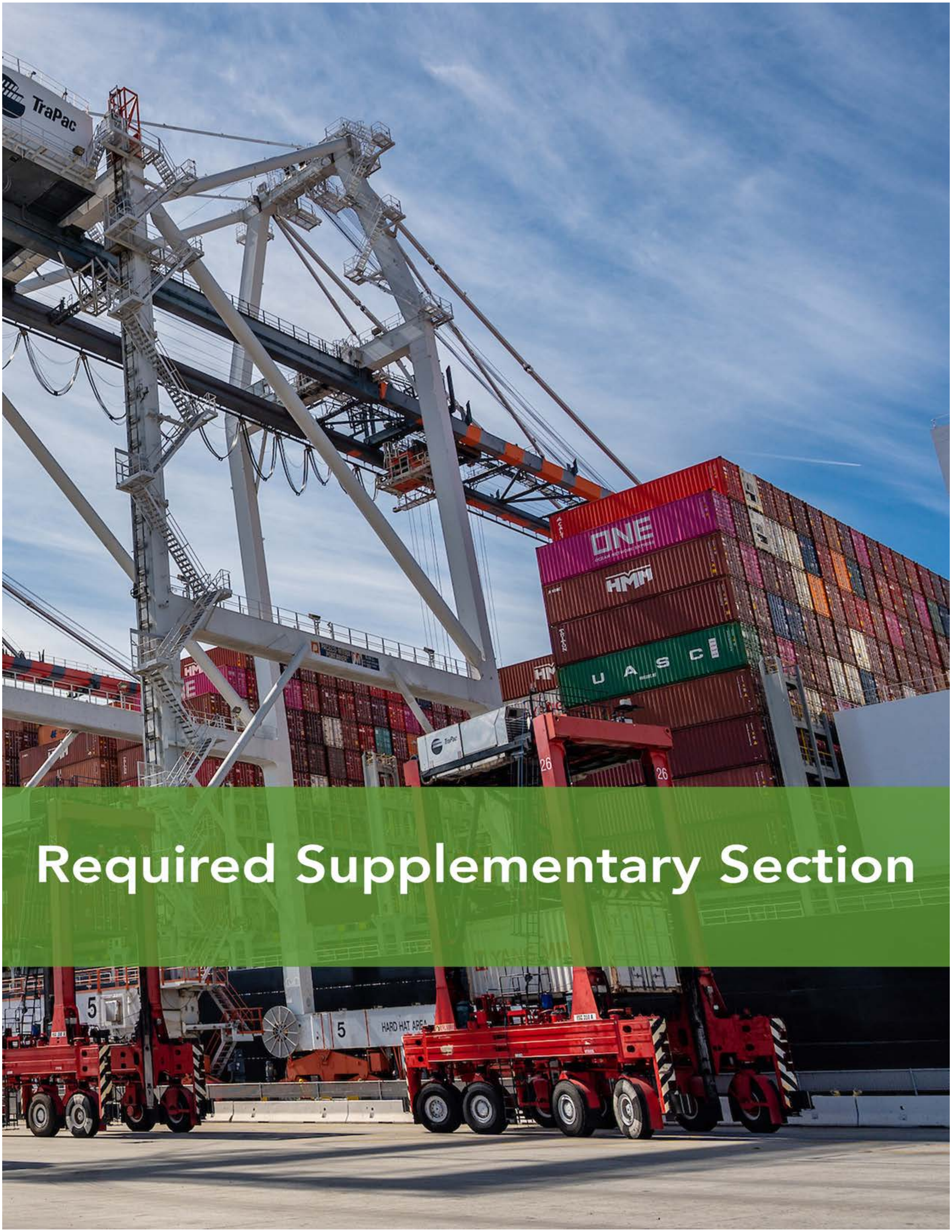
17. Capital Contributions

Amounts either received or to be reimbursed for the restricted purpose of the acquisition, construction of capital assets, or other grant-related capital expenditures are recorded as capital contributions. During the fiscal years ended June 30, 2023 and 2022, the Port reported capital contributions of $43.5 million and $11.9 million, respectively, for certain capital construction grant projects.

18. Cash Funding of Reserve Fund

As of June 30, 2023 and 2022, the Port had $582.4 million and $631.7 million of outstanding parity bonds (including net unamortized premiums). The Port holds cash reserves for each Indenture of the outstanding bonds, except for the 2019 Revenue Refunding Bonds that were issued without a reserve. On September 18, 2008, the BHC approved the full cash funding of the entire reserve requirement of $61.5 million that was transferred to the Port’s bond trustee in December 2008. The cash funding of the reserve took place to reassure bondholders of the strong commitment of the Port to its financial wherewithal as rating agencies had reduced the AAA ratings of the surety companies that had provided insurance for the bonds that the Port had issued.

As of June 30, 2023 and 2022, the balance in the Common Reserve fund totaled $37.1 million and $37.5 million, respectively. Any excess amounts in the Common Reserve resulting from principal repayments will be transferred to the interest fund and/or redemption fund to be used to pay interest and redeem bonds. The required amount for the reserve fund will be reevaluated on a yearly basis. The funds in the reserve are invested in the U.S. Treasury securities and money market funds.



Required Supplementary Section

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability – Last Ten Fiscal Years

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll (1)	Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2014	2013	4.248%	$ 200,801	$ 73,746	272.29%	68.23%
2015	2014	4.224%	188,299	76,040	247.60%	72.57%
2016	2015	4.152%	207,158	75,963	272.71%	70.49%
2017	2016	3.940%	221,275	75,092	294.67%	67.77%
2018	2017	3.877%	204,609	76,204	268.50%	71.41%
2019	2018	3.773%	215,435	77,580	277.70%	71.37%
2020	2019	3.692%	220,724	77,954	283.15%	71.25%
2021	2020	3.674%	279,036	83,080	335.86%	66.29%
2022	2021	3.852%	168,089	87,461	192.19%	81.26%
2023	2022	3.825%	270,252	81,205	332.80%	70.66%

(1) Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Los Angeles Fire and Police Pension Plan (LAFPP)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability/ (Assets)	Covered Payroll (2)	Share of Net Pension Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2014	2013	0.400%	$ 14,320	$ 10,302	139.00%	68.00%
2015	2014	0.559%	10,463	11,619	90.05%	79.16%
2016	2015	0.425%	8,671	12,301	70.49%	83.98%
2017	2016	0.408%	10,050	12,148	82.49%	83.02%
2018	2017	0.345%	6,273	13,541	46.33%	90.41%
2019	2018	0.365%	4,585	14,168	32.36%	93.77%
2020	2019	0.418%	7,260	14,584	49.78%	91.40%
2021	2020	0.319%	8,219	15,462	53.15%	91.28%
2022	2021	0.366%	(9,885)	15,758	-62.73%	109.02%
2023	2022	0.152%	983	16,554	5.94%	99.16%

(2) Covered payroll is defined as the payroll on which contributions to a pension plan are based.

See Note to Schedule on page 116.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of Pension Contributions – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

(Amount in thousands)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 25,751	$ 23,421	$ 21,176	$ 19,284	$ 18,050	$ 17,317	$ 17,582	$ 17,557	$ 15,765
Contributions in relation to the actuarially determined contribution	25,751	23,421	21,176	19,284	18,050	17,317	17,582	17,557	15,765
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered payroll	$ 84,932	$ 81,205	$ 87,461	$ 83,080	$ 77,954	$ 77,580	$ 76,204	$ 75,092	$ 75,963
Contributions as a percentage of covered payroll	30.32%	28.84%	24.21%	23.21%	23.15%	22.32%	23.07%	23.38%	20.75%

Los Angeles Fire and Police Pension Plan (LAFPP)

(Amount in thousands)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 4,409	$ 4,637	$ 4,300	$ 4,052	$ 3,883	$ 3,645	$ 3,716	$ 3,462	$ 3,648
Contributions in relation to the actuarially determined contribution	4,409	4,637	4,300	4,052	3,883	3,645	3,716	3,462	3,648
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered payroll	$ 16,874	$ 16,554	$ 15,758	$ 15,462	$ 14,584	$ 14,168	$ 13,541	$ 12,184	$ 12,301
Contributions as a percentage of covered payroll	26.13%	28.01%	27.29%	26.21%	26.63%	25.73%	27.44%	28.41%	29.66%

* This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, the schedule is presented for those years for which information is available.

See Note to Schedule on page 116.

Los Angeles City Employees' Retirement System (LACERS)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions: There were no changes in assumptions.

Los Angeles Fire and Police Pension Plan (LAFPP)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions: There were no changes in assumptions.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability (Assets)	Covered Payroll (1)	Proportionate Share of Net OPEB Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	2016	3.947%	$ 26,002	$ 75,092	34.63%	76.42%
2018	2017	3.865%	21,910	76,204	28.75%	81.14%
2019	2018	3.753%	21,785	77,580	28.08%	82.18%
2020	2019	3.655%	19,085	77,954	24.48%	84.34%
2021	2020	3.619%	22,993	83,080	27.68%	81.78%
2022	2021	3.781%	(9,891)	87,461	-11.31%	107.43%
2023	2022	3.769%	8,778	81,205	10.81%	93.49%

(1) Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Los Angeles Fire and Police Pension Plan (LAFPP)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net OPEB Liability/ (Assets)	Proportionate Share of Net OPEB Liability/ (Assets)	Covered Payroll (2)	Proportionate Share of Net OPEB Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	2016	0.156%	$ 2,563	$ 12,184	21.04%	74.45%
2018	2017	0.148%	2,506	13,541	18.51%	78.65%
2019	2018	0.143%	2,447	14,168	17.27%	81.87%
2020	2019	0.191%	3,018	14,584	20.69%	80.65%
2021	2020	0.162%	2,541	15,462	16.43%	84.77%
2022	2021	-0.210%	(1,900)	15,758	-12.06%	110.55%
2023	2022	-0.083%	(773)	16,554	-4.67%	104.16%

(2) Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

* This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, the schedule is presented for those years for which information is available.

See Note to Schedule on page 119.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of OPEB Contributions – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)						
(Amount in thousands)	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 3,361	$ 3,571	$ 3,863	$ 3,823	$ 4,011	$ 3,857
Contributions in relation to the actuarially determined contribution	3,361	3,571	3,863	3,823	4,011	3,857
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered employee payroll	$ 84,932	$ 81,205	$ 87,461	$ 83,080	$ 77,954	$ 77,580
Contributions as a percentage of covered employee payroll	3.96%	4.40%	4.42%	4.60%	5.15%	4.97%

Los Angeles Fire and Police Pension Plan (LAFPP)						
(Amount in thousands)	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,242	$ 1,306	$ 1,211	$ 1,131	$ 1,084	$ 1,018
Contributions in relation to the actuarially determined contribution	1,242	1,306	1,211	1,131	1,084	1,018
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered employee payroll	$ 16,874	$ 16,554	$ 15,758	$ 15,462	$ 14,584	$ 14,168
Contributions as a percentage of covered employee payroll	7.36%	7.89%	7.68%	7.31%	7.43%	7.19%

* This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, the schedule is presented for those years for which information is available.

See Note to Schedule on page 119.

Los Angeles City Employees' Retirement System (LACERS)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions:

- Per Capita costs and first year trends were updated to reflect 2023 calendar year premiums, subsidies and more recent data.
- Medical carrier election assumptions were updated based on more recent data.
- Trend assumptions to project future medical costs after 2022-2023 were updated.

Los Angeles Fire and Police Pension Plan (LAFPP)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions:

- Premiums and maximum subsidies were updated.
- Per capita costs were updated based on more recent data.
- Trend assumptions to project future medical costs were updated.

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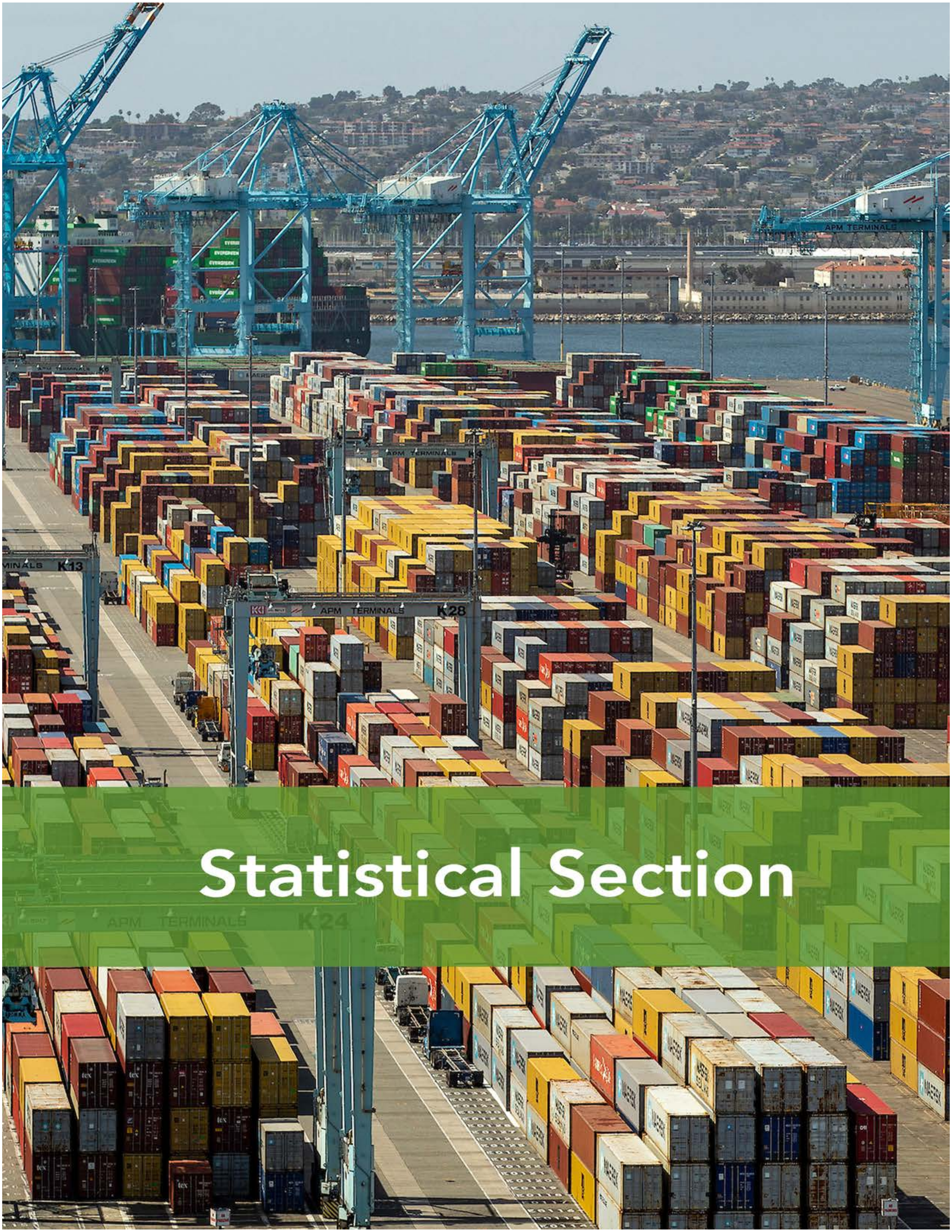
Statistical Section



PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statistical Section

For the Fiscal Year Ended June 30, 2023

(Unaudited)

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Port's overall financial health.

Contents **Page**

Financial Trends

This schedule contains trend information to help the reader understand how the Port's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Port's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Port's current level of outstanding debt and the Port's ability to issue additional debt in the future.

Demographic and Economic Information

This schedule offers demographic and economic indicators to help readers understand the environment within which the Port's financial activities occur.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Port's financial report relates to the services the Port's provides and the activities it performs.

PORT OF LOS ANGELES

(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Summary of Revenues, Expenses, and Changes in Net Position

Last Ten Fiscal Years

($ In Thousands)

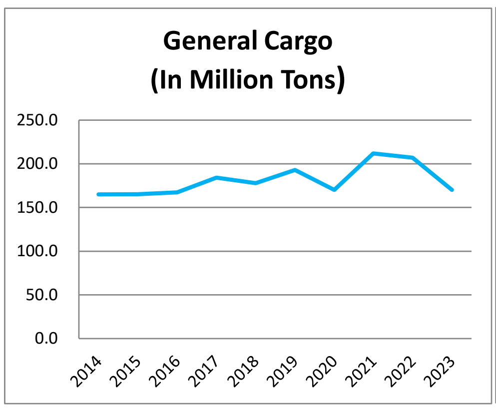
(Unaudited)

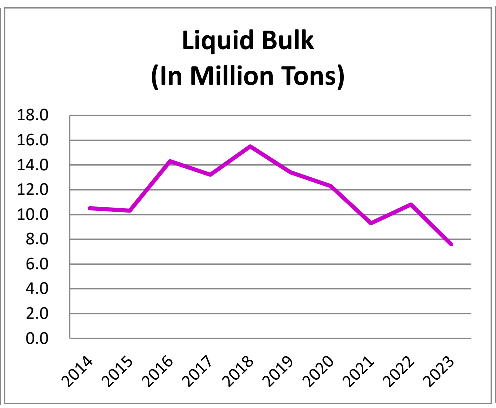
	2014	2015	2016	2017	2018	2019	2020	(Restated) 2021	(Restated) 2022	2023
Operating revenues										
Shipping services	$ 377,213	$ 364,899	$ 368,470	$ 398,255	$ 405,279	$ 410,328	$ 369,565	$ 463,849	$ 485,842	$ 448,008
Rentals	40,156	46,233	46,571	51,258	61,419	65,965	73,103	78,181	86,837	117,290
Royalties, fees, and other operating revenues	8,582	35,763	21,085	25,019	24,062	30,134	24,998	27,683	55,163	91,102
Total operating revenues	425,951	446,895	436,126	474,532	490,760	506,427	467,666	569,713	627,842	656,400
Operating expenses										
Salaries and benefits	112,053	111,788	114,719	118,582	121,533	123,058	145,826	146,200	122,410	141,735
Marketing and public relations	2,711	2,771	2,567	2,583	2,784	2,510	2,388	1,372	2,101	2,710
Outside services	26,331	28,983	28,970	25,022	29,904	33,418	31,815	26,219	27,864	33,332
Materials and supplies	6,883	6,257	6,340	5,314	6,960	6,593	5,672	4,517	5,106	5,974
City services	33,633	34,749	37,421	39,554	42,749	45,223	48,366	45,876	45,531	47,823
Other operating expenses	23,743	49,701	36,244	36,620	33,025	29,625	39,503	48,799	50,888	67,846
Total operating expenses before depreciation	205,354	234,249	226,261	227,675	236,955	240,427	273,570	272,983	253,900	299,420
Operating Income before depreciation and amortization	220,597	212,646	209,865	246,857	253,805	266,000	194,096	296,730	373,942	356,980
Depreciation and amortization	124,221	137,384	163,933	172,895	167,984	161,977	158,613	154,295	147,569	194,869
Operating Income	96,376	75,262	45,932	73,962	85,821	104,023	35,483	142,435	226,373	162,111
Nonoperating revenues (expenses)										
Income from investments in Joint Powers Authorities	2,129	2,811	2,544	2,162	2,001	2,596	2,461	2,243	1,513	1,888
Investment income (loss) - net	4,654	5,039	9,326	1,118	618	32,804	39,643	(2,656)	(47,744)	4,538
Interest expense	(1,530)	(331)	(507)	(604)	(1,612)	(1,290)	(24,707)	(21,773)	(19,037)	(17,837)
Other income and expenses, net	(27,364)	(2,226)	(3,851)	(1,146)	1,999	27,151	2,025	9,240	(5,125)	15,756
Net nonoperating revenues (expenses)	(22,111)	5,293	7,512	1,530	3,006	61,261	19,422	(12,946)	(70,393)	4,345
Income before capital contributions	74,265	80,555	53,444	75,492	88,827	165,284	54,905	129,489	155,980	166,456
Capital contributions	80,374	111,852	40,489	18,801	4,524	3,523	3,440	7,116	11,906	43,505
Special and extraordinary items	15,002	--	5,123	9,150	--	--	--	--	--	--
Changes in net position	169,641	192,407	99,056	103,443	93,351	168,807	58,345	136,605	167,886	209,961
Total net position – beginning of year	2,884,351	3,064,554	3,062,899	3,161,955	3,265,398	3,334,871	3,503,678	3,562,023	3,698,628	3,866,514
Cumulative effect of change in accounting principle	--	(194,062)	--	--	(23,878)	--	--	--	--	--
Net adjustment for write off prior period bond issues costs	10,562	--	--	--	--	--	--	--	--	--
Net position July 1, restated	2,894,913	2,870,492	3,062,899	3,161,955	3,241,520	3,334,871	3,503,678	3,562,023	3,698,628	3,866,514
Total net position – end of year	$ 3,064,554	$ 3,062,899	$ 3,161,955	$ 3,265,398	$ 3,334,871	$ 3,503,678	$ 3,562,023	$ 3,698,628	$ 3,866,514	$ 4,076,475
Net position:										
Net investment in capital assets	$ 2,863,795	$ 2,856,561	$ 2,945,412	$ 2,972,442	$ 2,964,553	$ 2,954,017	$ 2,979,268	$ 3,017,302	$ 3,064,900	$ 3,057,698
Restricted	58,054	68,373	66,599	62,255	62,230	63,348	42,281	42,435	37,452	76,320
Unrestricted	142,705	137,965	149,944	230,701	308,088	486,313	540,474	638,891	764,162	942,457
Total net position	$ 3,064,554	$ 3,062,899	$ 3,161,955	$ 3,265,398	$ 3,334,871	$ 3,503,678	$ 3,562,023	$ 3,698,628	$ 3,866,514	$ 4,076,475

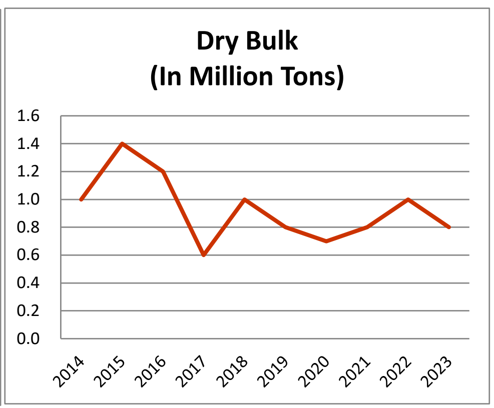
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Revenue Statistics
Last Ten Fiscal Years
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue Information										
Revenue Rates										
General cargo tariff rate	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25
Basic dockage (600')	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465
Required rate of return on improvements	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Required rate of return on land	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Containerized cargo volume										
(in millions of TEUs)	8.2	8.2	8.4	9.2	9.2	9.7	8.6	10.9	10.7	8.6
Inbound tonnage (million tons)	99.1	102.9	105.6	105.8	103.0	113.8	99.8	113.6	113.4	90.7
Outbound tonnage (million tons)	74.3	74.6	79.3	92.4	88.3	97.4	84.2	102.1	109.3	87.8
Revenue tons (million)										
General cargo	165.0	165.1	167.3	184.3	178.0	193.1	170.1	211.9	207.0	170.2
Liquid bulk	10.5	10.3	14.3	13.2	15.5	13.4	12.3	9.3	10.8	7.6
Dry bulk	1.0	1.4	1.2	0.6	1.0	0.8	0.7	0.8	1.0	0.8
Total revenue tons (million)	176.5	176.8	182.8	198.1	194.5	207.3	183.1	222.0	218.8	178.6







PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Top Ten Individual Sources of Revenue by Alphabetical Order
Fiscal Year 2023 and Fiscal Year 2014
(Unaudited)

Fiscal Year 2023	Fiscal Year 2014
APM Terminals Pacific, Ltd.	APM Terminals Pacific, Ltd.
China Shipping Holding Company, Ltd.	China Shipping Holding Company, Ltd.
Everglades Company Terminal, Inc.	Eagle Marine Services, Ltd. [(1)]
Everport Terminal Services, Inc.	Everport Terminal Services, Inc.
Fenix Marine Services, Ltd. [(1)]	Rio Doce Pasha Terminal, LP
Ports America Cruise, Inc.	TraPac, LLC
TraPac, LLC	Union Pacific Railroad Company
Union Pacific Railroad Company	WWL Vehicle Services Americas, Inc.
WWL Vehicle Services Americas, Inc.	Yang Ming Marine Transport Corporation
Yusen Terminal, Inc./N.Y.K. (North America), Inc.	Yusen Terminal, Inc./N.Y.K. (North America), Inc.

[(1)] Eagle Marine Services, Ltd. was rebranded to Fenix Marine Services, Ltd. in 2018.

The Port of Los Angeles terminal tenants compete against each other for business. The Port is of the opinion that disclosing revenue by tenant would give advantages or disadvantages to certain tenants and therefore revenues and percentage of total revenue have been excluded from this report.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Summary of Debt Service Coverage (Pledged Revenue)
Last Ten Fiscal Years
($ In Thousands)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	(Restated) 2021	(Restated) 2022	2023
Total revenues (1)	$ 446,910	$ 460,364	$ 452,398	$ 487,806	$ 501,663	$ 578,794	$ 524,346	$ 586,039	$ 665,857	$ 706,407
Operating expenses (2)	205,354	234,249	226,261	227,675	236,955	240,427	273,570	272,983	253,900	299,420
Net available revenue	$ 241,556	$ 226,115	$ 226,137	$ 260,131	$ 264,708	$ 338,367	$ 250,776	$ 313,056	$ 411,957	$ 406,987
Debt service, revenue bonds	$ 65,323	$ 69,916	$ 91,831	$ 87,570	$ 80,147	$ 84,884	$ 84,288	$ 79,070	$ 118,968	$ 67,377
Debt service, commercial paper and revolving obligations	165	187	—	—	—	—	—	—	—	—
Total debt service on parity obligations (3)	$ 65,488	$ 70,103	$ 91,831	$ 87,570	$ 80,147	$ 84,884	$ 84,288	$ 79,070	$ 118,968	$ 67,377
Net available revenue coverage	3.7	3.2	2.5	3.0	3.3	4.0	3.0	4.0	3.5	6.0
Net cash flow from operations	$ 131,284	$ 213,184	$ 184,869	$ 274,581	$ 228,920	$ 254,978	$ 237,631	$ 262,722	$ 356,592	$ 326,344
Net operating cash flow coverage	2.0	3.0	2.0	3.1	2.9	3.0	2.8	3.3	3.0	4.8

(1) Total revenues include operating revenues and nonoperating revenues.
(2) Depreciation and amortization expenses, interest expense, and other nonoperating expenses are not included.
(3) Debt service on parity obligations include principal and interest payments on issued bonds as well as on commercial paper notes and revolving obligations, which are senior debt backed by pledged-revenue.
Note: Details regarding the Port of Los Angeles' outstanding debt can be found in the notes to financial statements.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Ratios of Outstanding Debts to Personal Income and Per Capita
Last Ten Fiscal Years

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Outstanding Debts ($000's) (1)	$ 780,993	$ 1,059,603	$ 1,008,322	$ 969,343	$ 922,433	$ 870,060	$ 788,489	$ 731,357	$ 631,726	$ 582,414
Total Outstanding Debts Per Capita (2)	$ 198.32	$ 266.74	$ 252.13	$ 239.84	$ 227.51	$ 215.36	$ 196.60	$ 186.41	$ 165.39	$ 154.65
Percentage of Total Personal Income (3)	0.15%	0.19%	0.17%	0.16%	0.15%	0.13%	0.12%	0.10%	N/A	N/A

(1) Presented net of unamortized bond premiums and discounts.
(2) See page 127 for population data used in this calculation .
(3) See page 127 for personal income used in this calculation.
N/A - Data not available

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Demographic and Economic Statistics for the City of Los Angeles
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population (1)	Personal Income ($000s) (2)	Per Capita Personal Income (2)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
2014	3,938,037	$ 525,088,691	$ 52,130	34.6	594,891	8.7 %
2015	3,972,348	560,484,548	55,366	34.9	582,430	7.0
2016	3,999,237	577,071,787	56,851	35.0	560,991	5.6
2017	4,041,707	593,741,110	58,419	35.2	547,246	4.4
2018	4,054,400	628,808,732	62,224	35.8	532,102	5.1
2019	4,040,079	653,482,910	65,094	35.6	516,935	4.7
2020	4,010,684	678,829,092	68,272	35.9	504,468	18.2
2021	3,923,341	728,772,915	74,141	37.0	439,013	10.3
2022	3,819,538	N/A	N/A	37.1	429,349	5.3
2023	3,766,109	N/A	N/A	N/A	N/A	5.5

(1) Obtained from California Department of Finance report E-1 Population Estimates for Cities, Counties, and the State.

(2) Obtained from U.S. Department of Commerce, Bureau of Economic Analysis - Census Bureau midyear population estimates.

(3) Obtained from the U.S. Census Bureau American Community Survey 1-Year Estimates.

(4) Obtained from the Open Data Portal (https://www.lausd.org/opendata) of the Los Angeles Unified School District.

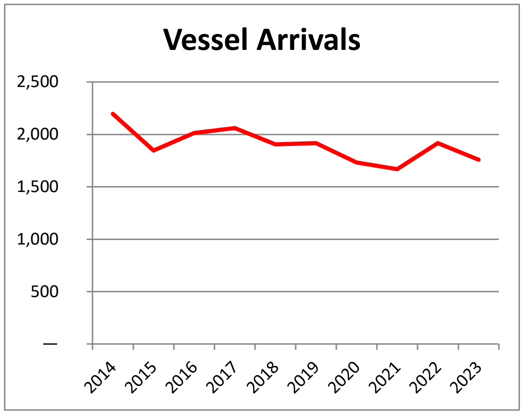
(5) Obtained from California Employment Development Department for City of Los Angeles, not seasonally adjusted.

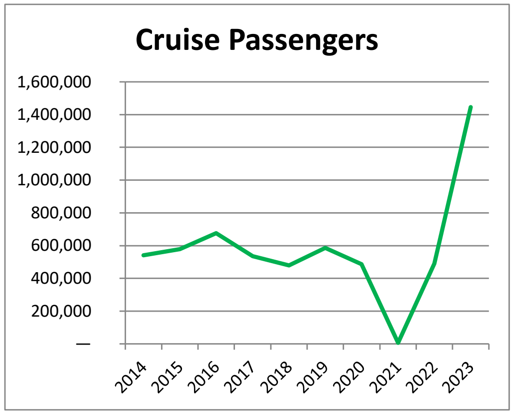
N/A Data was not readily available at the time of issuance.

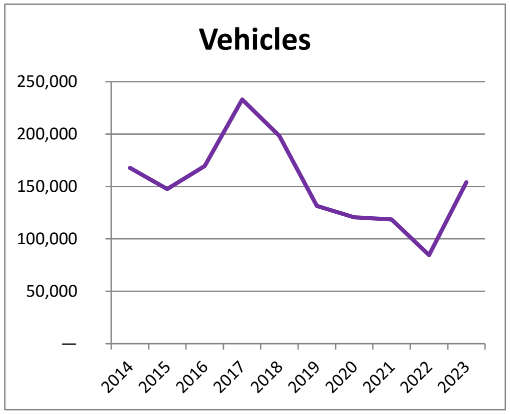
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Operating Information
Last Ten Fiscal Years
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Miles of waterfront	43	43	43	43	43	43	43	43	43	43
Number of major container terminals	8	8	8	8	8	8	8	8	8	8
Number of cargo terminals	23	23	23	23	23	23	23	23	23	23
Vessel arrivals	2,196	1,846	2,014	2,060	1,904	1,917	1,731	1,668	1,917	1,757
Cruise passengers	541,418	578,902	676,644	534,484	479,388	586,783	487,013	6,221	490,978	1,445,613
Vehicles	167,826	147,457	169,561	233,013	198,326	131,553	120,506	118,517	84,553	153,951
Full time employees	949	885	906	883	884	880	910	912	834	847







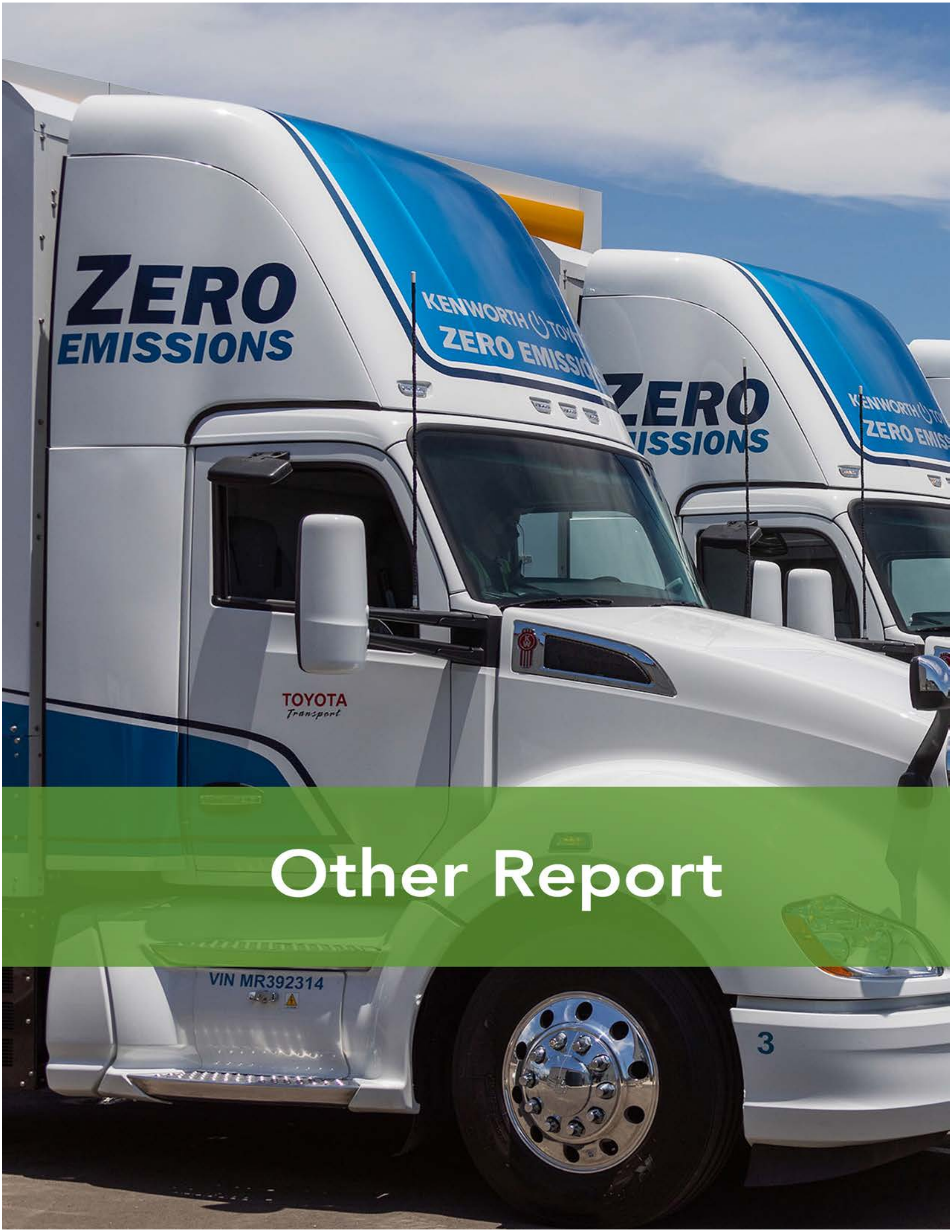
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Principal Employers in the Los Angeles County [1]
FY 2023 and FY 2014
(Unaudited)

Employer	2023 Number of Employees	2023 Rank	2023 Percentage of Total County Employment	2014 Number of Employees	2014 Rank	2014 Percentage of Total County Employment
Kaiser Permanente	44,769	1	0.9 %	35,991	1	0.7 %
University of Southern California	23,227	2	0.5	14,722	5	0.3
Northrop Grumman Corp.	18,000	3	0.4	17,000	2	0.3
Cedars-Sinai Medical Center	16,730	4	0.3	10,243	10	0.2
Allied Universal	15,326	5	0.3	—	—	—
Target Corp.	15,000	6	0.3	15,000	3	0.3
Providence Health & Services Southern California	14,395	7	0.3	15,000	4	0.3
Ralphs/Food 4 Less (Kroger Co. Division)	14,000	8	0.3	13,500	7	0.3
Walt Disney Co.	12,200	9	0.2	—	—	—
Boeing	12,005	10	0.2	10,500	9	0.2
Bank of America Corp.	—	—	—	13,500	6	0.3
Home Depot	—	—	—	10,600	8	0.2
All Others	4,799,148	—	96.3	4,826,344	—	96.9
Total [2]	4,984,800		100.0 %	4,982,400		100.0 %

[1] Data pertaining to principal employers was obtained from Los Angeles Business Journal (LABJ).
LABJ note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several companies may have qualified for this list, but failed to submit information or do not break out local employment data. Government entities are excluded.

[2] Total County employment amounts are obtained from California Employment Development Department labor force report which is available at https://www.labormarketinfo.edd.ca.gov.



Other Report

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Members of the Board of Harbor Commissioners
Port of Los Angeles
City of Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the "Port"), an Enterprise Fund of the City of Los Angeles (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

El Segundo, California
December 15, 2023

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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 2024 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 Other Port 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 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 Board of Harbor Commissioners of the City of Long Beach ("POLB Board"). POLB has approximately 31.5 miles of waterfront with deep draft cargo berths, several of which are capable of servicing the largest commercial ships currently afloat or being designed. Container terminals occupy 1,253 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 74 gantry cranes, all of which are post-panamax cranes (all of which are owned by the tenants). Five container terminals are served by on-dock railyards. Additional cargo handling facilities include three transit sheds and one warehouse. Transit sheds are of concrete and steel construction. Wharves are constructed of reinforced concrete supported by reinforced concrete pilings or sheet pile bulkhead. Wharf aprons at all transit shed berths average 50 feet in width. Rail tracks serve all major marine facilities. In all, POLB owns approximately 116 miles of rail trackage.

POLB is protected by a federally constructed and maintained breakwater over nine miles in length. Within the federal breakwater, access to the Port's terminals is provided via a network of channels. The entrance to and through the federal breakwater and throughout the main channel has a water depth of 76 feet. Channels extending from the main channel to the outer harbor terminals south of the Gerald Desmond Bridge have water depths ranging from 48 to 55 feet. Channels extending from the main channel into the harbor terminals north of the Gerald Desmond Bridge have water depths ranging from 45 to 52 feet. Water depths at specific terminal berths vary and are addressed in the sections that follow.

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 "710 Freeway"), which provides access to the interstate highway system. Major highway carriers serve POLB and provide transportation to all parts of the United States. Some of the containers leaving and entering POLB also are handled at the Intermodal Container Transfer Facility (the "ICTF"), a specialized rail yard located four miles from POLB for the transfer of containers between trucks and railcars, and to the switchyards of BNSF and Union Pacific. Truck travel to such switchyards takes approximately 30 to 60 minutes. The ICTF was financed and constructed by Southern Pacific Transportation Company and the Intermodal Container Transfer Facility

Joint Powers Authority, a joint powers authority organized by POLB and 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 property agreements. See "—Source of Funds for Payment of Shortfall Advances—Property Agreements" and "—Leading Revenue Producers." 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, 2022, containerized cargo accounted for approximately 73% of the LB Harbor Department's total operating revenues, primarily from the collection of wharfage. According to the American Association of Port Authorities, POLB was the third busiest container port in North America in terms of container cargo for the year ended December 31, 2022. The facilities at POLB handled approximately 9.1 million TEUs during calendar year 2022. The following is a summary of the major container facilities at POLB.

Pier A. SSA Terminals (Pier A), LLC, currently operates the container terminal on Pier A (the "Pier A Container Terminal"). The Pier A Container Terminal is an approximately 159-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 9,500 TEUs.

Pier C. SSA Terminals LLC 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 272 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.

Middle Harbor Terminal. The container terminals on Piers D, E and F (collectively, the "Middle Harbor Terminal") were consolidated into one 304-acre container terminal as part of the "Middle Harbor Terminal Redevelopment Program." The Middle Harbor Terminal Redevelopment Program was fully completed in 2021. The Middle Harbor Terminal includes three berths and a new 4,200-foot long concrete wharf with a water depth of 55 feet that supports 14 modern gantry cranes that are able to handle ships carrying up to 24,000 TEUs. The Middle Harbor Terminal is designed to move up to an estimated 3.3 million TEUs annually.

In 2012, the LB Harbor Department and Orient Overseas Container Line LLC ("OOCL") entered into a 40-year Preferential Assignment Agreement (the "OOCL PAA") for the Middle Harbor Terminal. Based on the guaranteed annual minimum payments required to be made by OOCL pursuant to the terms of the OOCL PAA, 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 is currently operated by LBCT LLC ("LBCT"). In 2017, China Overseas Shipping Company ("COSCO") agreed to purchase the parent company of OOCL. However, in order to receive U.S. government approval for the purchase, COSCO agreed to divest its ownership in LBCT. Any purchaser of COSCO's interest in LBCT would have been required to assume all of the obligations (including guaranteed annual minimum payments) of OOCL under the OOCL PAA subject to approval of the POLB Board. On October 24, 2019, a consortium led by Macquarie Infrastructure Partners purchased LBCT from OOCL, and assumed all of the obligations (including guaranteed annual minimum payments) of OOCL under the OOCL PAA.

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 258-acre facility that includes five berths, 6,379 feet of wharves with water depths ranging from 42 feet to 52 feet, a storage area for approximately 12,800 on-ground containers, power outlets for 1,100 refrigerated containers and an on-dock railyard. The Pier G Container Terminal has 14 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 14,000 TEUs.

Pier J. Pacific Maritime Services LLC (a joint venture between SSAT, CMA CGM and 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, 5,900 feet of wharves with water depths ranging from 48 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 15 gantry cranes, with capacities ranging from 40-tons to 60-tons. The facilities at the Pier J Container Terminal can handle ships carrying up to 18,000 TEUs.

Pier T. Total Terminals International, LLC (a joint venture between Terminal Investment Limited SARL (a subsidiary of Mediterranean Shipping Company) and Hyundai Merchant Marine) operates 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 sixteen 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, 2022, dry bulk accounted for approximately 9% 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 9.5 million metric tons of dry bulk products were exported through the dry bulk terminals on Piers G and F in the fiscal year ended September 30, 2022. These products include petroleum coke, calcined petroleum coke, coal, salt, cement, soda ash, potash ash 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 MCC Terminal, Inc., this facility can handle 800 tons per hour and, instead of a silo system, utilizes a warehouse (with a capacity of 52,000 tons) to house and transfer product.

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

General Cargo. For the 12 months ended September 30, 2022, general cargo accounted for approximately 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 North America, Inc. automobile terminal currently occupies a total of 133 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. 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. Under the terms of the current lease, Toyota Motor North America, Inc. will relinquish approximately 15 of the total of 133 acres by the end of 2024.

Mercedes Benz vehicles arrive and are unloaded at Pier F, Berths 206 and 207. Crescent Terminals, Inc. ("Crescent Terminals") operates Berths 206 and 207.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 190 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 1.5 million tons per year.

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

Petroleum/Liquid Bulk. For the 12 months ending September 30, 2022, petroleum/liquid bulk accounted for approximately 5% of the LB Harbor Department's total operating revenue, primarily through the collection of wharfage per barrel. The following is a summary of the major petroleum/liquid bulk facilities at the Port.

Petroleum. POLB maintains five bulk oil terminals; two are leased to Tesoro Refining and Marketing Company ("Tesoro") (on Pier B), a subsidiary of Marathon Petroleum Corp.; one is leased to Carson Cogeneration LLC, a subsidiary of Marathon Petroleum Corp. (on Pier T); one is leased to Petro Diamond Terminal Co. ("Petro Diamond") (on Pier B); and one is leased to Olympus Terminals LLC (on Pier F). Each terminal is connected directly to the storage and tank farms of the respective lessee. The Tesoro and Carson Cogeneration terminals handle primarily crude oil, while the Petro Diamond and Olympus terminals primarily handle finished petroleum products such as gasoline, renewable diesel, vessel bunker fuel and jet fuel.

Source of Funds for Payment of Shortfall Advances

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

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

The LB Harbor Department may increase tariff charges without amending the property agreements or receiving the consent of the tenants of POLB.

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

Property agreements for industrial and commercial use constitute one of the LB Harbor Department's largest and most stable sources of income. Over the last five years, property agreements covering waterfront property and facilities have generated in excess of 95% of the LB Harbor Department's operating revenues. Under most of these agreements, the POLB Board 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 2022 to 2051, with eight of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2051.

Most of the property agreements entered into by the cargo terminal operators are in the form of long-term agreements. Under these agreements, the terminal operators primarily pay the LB Harbor Department tariff charges, mainly wharfage (the charge assessed when cargo crosses the wharf) and dockage (the charge assessed for docking a vessel at a berth), for the use of facilities at POLB. Most of the agreements with the cargo terminal operators contain a guaranteed annual minimum payment. For the fiscal year ended September 30, 2022, the agreements with POLB's terminal operators contained guaranteed annual minimum payments of approximately 80% of total operating revenues. The agreements require that the compensation payable to the LB Harbor Department be renegotiated at various intervals ranging from two to five years, and if the parties cannot agree, compensation is to be set through arbitration.

Under most of the current property agreements, the terminal operators are responsible for the operation and maintenance of the property and facilities, but the LB Harbor Department retains responsibility for maintaining the structural integrity of the piers, wharves, bulkheads, retaining walls and fender systems. Under the property agreements, the tenants are required to comply with all applicable environmental standards set by federal, state or local laws. POLB tenants are liable for all costs, expenses, losses, damages, claims, cleanup costs and penalties arising from such tenant's failure to comply with applicable environmental standards. Additionally, POLB tenants are required to carry commercial general liability insurance, including bodily injury and property damage liability on the leased premises and to name the City of Long Beach, the POLB Board and the officers and employees of the LB Harbor Department as additional insureds. The property agreements also provide that if the property or facilities covered thereby are damaged by acts of God such as fire, flood or earthquake, or if work stoppages or strikes prevent operation of the property or facilities, compensation payable to the LB Harbor Department will be reduced in proportion to the interference with operations.

During the last five fiscal years ended September 30, 2022, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 8% of the LB Harbor Department's operating revenues. These agreements generally provide for flat rentals or require payment of a percentage of gross revenues, subject to a fixed minimum rental.

Long Beach Harbor Revenue Fund. The Charter of the City of Long Beach (the "Long Beach Charter") 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 Harbor Revenue Fund (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 "—Transfers to City of Long Beach" below.

Operating Performance

As discuss under "—Sources of Funds for Payment of Shortfall Advances" above, the LB Harbor Department derives income from tariffs assessed on shipping activity (primarily wharfage and dockage) and from leases, rentals and utility services. The following table summarizes the sources of the LB Harbor Department's operating revenues for the past five fiscal year

TABLE C-1

PORT OF LONG BEACH
OPERATING REVENUES
FISCAL YEARS ENDED SEPTEMBER 30, 2018 THROUGH 2022
(Thousands)

	2018	**2019**	**2020**	**2021**	**2022**
Berths & Special Facilities					
Wharfage	$358,675	$366,855	$355,540	$367,421	$391,566
Dockage	7,219	6,460	5,709	17,563	17,739
Bunkers	1,054	747	1,183	1,400	1,310
Special Facilities Rentals	16,418	19,013	17,634	21,482	28,482
Other	1,010	721	698	445	-
Total Berths & Special Facilities	**$384,376**	**$393,796**	**$380,764**	**$408,312**	**$439,097**
Rental Properties	14,279	15,668	14,855	23,061	$36,875
Utilities/Miscellaneous	3,023	2,809	3,010	3,271	3,606
Total Operating Revenues	**$401,678**	**$412,273**	**$398,629**	**$434,644**	**$479,578**

Source: LB Harbor Department.

Leading Revenue Producers

The following companies represented the LB Harbor Department's twenty largest customers in terms of revenues for the fiscal year ended September 30, 2022, listed alphabetically. These customers accounted for over 90% of the LB Harbor Department's operating revenues in the fiscal year ended September 30, 2022. The largest single customer accounted for approximately 20% of the LB Harbor Department's operating revenues in the fiscal year ended September 30, 2022.

TABLE C-2

PORT OF LONG BEACH
LEADING REVENUE PRODUCERS
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(Listed Alphabetically)

Carson Cogeneration LLC – Tesoro Refining & Marketing Company LLC
Crescent Terminals, Inc.
CSA Equipment Company LLC
International Transportation Service, Inc.
Jacobsen Pilot Service, Inc.
Koch Carbon, Inc.
Long Beach Container Terminal, LLC
Metropolitan Stevedore Company
Olympus Terminals LLC
Oxbrow Carbon & Minerals LLC
Pacific Crane Maintenance Company, LLC
Pacific Maritime Services (Pacific Container Terminal)
SA Recycling, LLC
SSA Terminals (Pier A), LLC
SSA Terminals, LLC – SSA Terminal C60/Matson Navigation
Tesoro Refining & Marketing Company LLC – Tesoro Logistics Operations LLC
Tesoro Refining & Marketing Company LLC HD-5318-651
Tesoro Refining & Marketing Company LLC HD-9026
Total Terminals International, LLC
Toyota Motor North America, Inc.

Source: LB Harbor Department

Tonnage and TEUs. The LB Harbor Department tracks the volume of marine commerce by Metric Revenue Tons ("MRTs"). Marine commerce passing through POLB by MRTs and TEUs during the last five fiscal years ended September 30, 2018 through 2022 is summarized in the following table.

TABLE C-3

PORT OF LONG BEACH
REVENUE TONNAGE AND TEU SUMMARY
FISCAL YEARS ENDED SEPTEMBER 30
(in metric revenue tons[1])

	2018	2019	2020	2021	2022
Inbound Cargo					
Foreign	108,811,492	104,012,357	101,565,923	125,923,681	126,312,195
Coastwise/Intercoastal	30,786,620	30,058,159	27,566,754	30,949,927	35,020,095
Total Inbound Cargo	**139,598,112**	**134,070,516**	**129,132,677**	**156,873,608**	**161,332,290**
Outbound Cargo					
Foreign	36,217,699	34,418,220	34,061,109	34,870,612	34,838,779
Coastwise/Intercoastal	3,515,854	3,618,210	3,751,039	4,465,796	4,838,659
Bunkers	1,261,238	853,516	1,629,558	1,908,205	1,755,930
Total Outbound Cargo	**40,994,791**	**38,889,946**	**39,441,706**	**41,244,613**	**41,433,368**
Total Cargo	**180,592,903**	**172,960,462**	**168,574,383**	**198,118,221**	**202,765,658**
Container Count in TEUs[2]	8,000,929	7,747,251	7,660,976	9,500,860	9,631,902

[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 2021 and 2022 in tonnage and revenue:

TABLE C-4

PORT OF LONG BEACH
REVENUE TONNAGE BY CARGO TYPE
FISCAL YEARS ENDED SEPTEMBER 30[1]
(in thousands of metric revenue tons)

	2021				2022			
	Metric Revenue Tons (000s)	**Percent of Total Tons**	**Revenue (000s)[0]**	**Percent of Shipping Revenue**	**Metric Revenue Tons (000s)**	**Percent of Total Tons**	**Revenue (000s)[2]**	**Percent of Shipping Revenue**
Containerized	155,657	79%	$ 325,356	80%	155,169	77%	$325,356	80%
Dry Bulk	8,265	4	36,872	9	9,519	5	41,182	9
General Cargo	1,168	1	24,273	6	1,339	1	25,727	6
Petroleum/ Liquid Bulk	33,028	17	21,812	5	36,739	18	22,828	5
Totals	**198,118**	**100%**	**$408,312**	**100%**	**202,766**	**100%**	**$439,096**	**100%**

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

Source: LB Harbor Department

The following Tables C-5 and C-6 provide information about the container traffic at POLB for calendar years 2018 through 2022 and for fiscal years 2018 through 2022.

TABLE C-5

PORT OF LONG BEACH
CONTAINER TRAFFIC

CALENDAR YEARS 2018-2022
(TEUs[1])

	2018	2019	2020	2021	2022
Inbound[2]	4,097,377	3,758,438	3,998,340	4,581,846	4,358,789
Outbound[2]	1,523,008	1,472,802	1,475,888	1,437,916	1,414,882
Empties	2,470,638	2,400,792	2,639,088	3,364,606	3,359,985
Total TEUs	8,091,023	7,632,032	8,113,315	9,384,368	9,133,656

(1) A TEU represents a twenty-foot equivalent unit.
(2) Fully loaded.
Sources: POLB.

TABLE C-6

PORT OF LONG BEACH
CONTAINER TRAFFIC
FISCAL YEARS ENDED SEPTEMBER 30, 2018-2022
(TEUs[1])

	2018	2019	2020	2021	2022
Inbound[2]	4,044,261	3,861,918	3,760,763	4,666,922	4,669,862
Outbound[2]	1,564,030	1,441,007	1,492,288	1,456,297	1,400,305
Empties	2,392,637	2,444,326	2,407,925	3,377,640	3,561,735
Total TEUs	8,000,928	7,747,251	7,660,976	9,500,860	9,631,902

(1) A TEU represents a twenty-foot equivalent unit.
(2) 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, including approximately 13,000 dockworkers at POLB and POLA. The Association represents most of the ocean carriers, marine terminal operators and stevedore companies on the Pacific Coast. The major providers of stevedoring and terminal services include Cooper/T. Smith Stevedoring, Metropolitan Stevedore Company (doing business as Metro Ports), Stevedoring Services of America, and Ports America Inc., along with ocean carrier-owned terminal operating companies such as OOCL, LLC - LBCT and Total Terminals International, LLC.

The current contract between the Association and the ILWU was entered into on May 21, 2015 and was ratified by the ILWU membership on May 22, 2015, retroactive to July 1, 2014. The last contract originally had an expiration date of June 30, 2019, but a three-year extension was negotiated by the Association and the ILWU and ratified by the ILWU membership on August 7, 2017 extending the term to June 30, 2022. The most recent contract was entered into on June 14, 2023 and was ratified on August 31, 2023, as a six year contract, retroactive to July 1, 2022.

Summary of Historical Operating Results

The following table shows POLB's Statement of Revenues and Expenses for the five fiscal years ending September 30, 2022.

TABLE C-7

PORT OF LONG BEACH
COMPARATIVE SUMMARY OF STATEMENTS OF REVENUES AND EXPENSES
FISCAL YEARS ENDED SEPTEMBER 30, 2018 THROUGH 2022(1)
(thousands)

	2018	2019	2020	2021	2022
Port Operating Revenues:					
Berths/Special Facilities	$ 384,376	$ 393,796	$ 380,764	$ 408,312	$ 439,096
Rental Properties	14,279	15,668	14,855	23,061	36,875
Miscellaneous	3,023	2,809	3,010	3,271	3,606
Total Port Operating Revenues	$ 401,678	$ 412,273	$ 398,629	$ 434,644	$ 479,577
Port Operating Expenses:					
Operation/Administrative	$ 139,259	$ 135,038	$ 142,708	$ 134,723	$ 166,496
Depreciation/Amortization	147,224	144,716	149,652	172,827	179,771
Total Port Operating Expenses	$ 286,482	$ 279,754	$ 292,360	$ 307,550	$ 346,267
Income from Port Operations	**$ 115,196**	**$ 132,519**	**$ 106,269**	**$ 127,094**	**$ 133,310**
Non-operating Income (Expense)					
Investment Income, Net	$ 4,808	$ 20,197	$16,404	$(637)	$(22,517)
Interest Expense	(14,536)	(13,513)	(35,539)	(26,431)	(27,340)
Equity in Income From Joint Venture	2,001	2,596	2,461	2,243	1,513
Discontinued Capitalized Projects	(2,889)	(16,493)	(2,280)	(839)	(2,447)
Other Income (Expense), Net	133	(15,970)	(5,528)	3,453	53,754
Total Non-Operating Income (Expense)	$ (7,594)	$ (6,691)	$ (22,202)	$ (21,371)	$2,963
Income Before Operating Transfers/Grants	$ 107,602	$ 125,828	$ 84,067	$ 105,722	$ 136,273
Net Operating Transfers	$ (20,083)	$ (20,614)	$ (21,253)	$(21,598)	$(1,512,417)
Capital Grants	67,511	68,592	45,044	11,769	87,496
Change in Net Position	**$ 155,029**	**$ 173,807**	**$ 107,858**	**$ 95,893**	**$(1,288,648)**
Total Net Position (beginning of fiscal year)	**$3,926,137**	**$4,081,165**	**$4,254,972**	**$4,362,830**	**$4,458,723**
Total Net Position (end of fiscal year)	**$4,081,166**	**$4,254,972**	**$4,362,830**	**$4,458,723**	**$3,170,075**

(1) Totals may not add due to rounding.
Source: Harbor Department of the City of Long Beach

POLB Capital Development Program

Master Plan; Long-Term Land Use Study. On October 17, 1978, the California Coastal Commission (the "CCC") certified POLB's "Port Master Plan" (the "LB Port Master Plan") as being in conformance with the policies of Chapters 8 and 3 of the California Coastal Act. The LB Port Master Plan has been amended on numerous occasions since 1978. All amendments to the LB Port Master Plan that required the approval of CCC were approved by CCC. The LB Port Master Plan was last comprehensively updated and certified in 1990. The purpose of the LB Port Master Plan is to provide the LB Harbor Department with a planning tool to guide future development of POLB and to ensure that projects and developments in the Long Beach Harbor District are consistent with the requirements of the California Coastal Act. The LB Port Master Plan identifies proposed uses of land and water areas within the Long Beach Harbor District and establishes a flexible framework allowing for development of POLB and is updated periodically.

In January 2022, the LB Harbor Department released a "Revised Draft Port Master Plan." The update process is guided by the California Coastal Act and involves evaluation of land use and water use designations, reconfiguration of planning districts, and identification of anticipated projects. In addition, the update incorporates previously certified LB Port Master Plan amendments and updates the overall goals and policies for long-range development. The update to the LB Port Master Plan is needed to consider changes in the global shipping industry, technological advances, and important factors such as climate change and energy resources consistent with the LB Harbor Department's "Green Port Policy" objectives. The LB Harbor Department anticipates certification of the update to the LB Port Master Plan by CCC in 2022.

Capital Plan. In addition to the LB Port Master Plan, the LB Harbor Department maintains a 10-year capital plan (the "LB Capital Plan") which sets forth the specific projects the LB Harbor Department expects to develop and construct over the next ten years. The current LB Capital Plan consists of capital improvements to be undertaken at POLB between 2023 and 2032. As of the date of this Official Statement, the LB Capital Plan has an aggregate estimated cost of approximately $2.5 billion. The LB Capital Plan will focus on addressing increased cargo-handling efficiency with new technology and sustainable infrastructure, while building on POLB's commitment to the environment and the community. The current LB Capital Plan includes, but is not limited to, the following capital projects and improvements: the Pier B On-Dock Rail Support Facility Program, other rail network improvement projects, terminal development and certain public works general infrastructure improvements. The LB Harbor Department expects to finance the costs of the LB Capital Plan with the following sources: available revenues of the LB Harbor Department, proceeds of POLB harbor revenue bonds, State and federal grants, one or more loans provided under the Transportation Infrastructure Finance and Innovation Act and/or a Railroad Rehabilitation & Improvement Financing loan.

Following is a brief description of some of the major projects included in the LB Capital Plan:

Pier B On-Dock Rail Support Facility Program. The LB Capital Plan includes critical rail projects designed to increase the efficient movement of cargo while promoting a mode-shift from truck to rail. The largest component is the Pier B On-Dock Rail Support Facility Program, which will consist of a significant new staging yard to sort and stage trains while adding 10,000-ft long tracks to improve POLB's ability to accommodate long trains. This program will be under various stages of design, right of way acquisition and construction bidding until the later part of the fiscal year ending September 30, 2024.

Other Rail Network Improvement Projects. A fourth track at Ocean Boulevard will increase operational efficiency through the addition of a new track resulting in four contiguous rail tracks through this area of POLB improving switching and arrival and departure coordination among Piers E, F, G & J. This project began construction in 2022. Additionally, the Terminal Island Wye Track Realignment will double track the Pier S lead, increasing operational efficiency between the Pier T on-dock rail yard and the break bulk terminals at Pier T East.

Terminal Development. A final project, consisting of a second battery exchange building, will be constructed as part of the Middle Harbor Redevelopment Program. This project will support the terminal's zero-emission cargo handling equipment.

Pier G Berth G236 Wharf Improvement Project. This project will enable the berth to accommodate larger vessels that are projected to call, up to 14,000 TEUs. The project includes lengthening the wharf at Berth G236 by approximately 240 feet, including dredging, pile driving fill, surcharge, paving, crane power and a new shore power outlet for plugging in vessels while at-berth. Upon completion of this project, the Pier G container terminal will have two berths capable of handling vessels up to 14,000 TEUs, and a third berth capable of receiving smaller vessels.

Public Works General Infrastructure. The LB Capital Plan addresses various public works infrastructure project based upon condition-assessments and corresponding improvement plans. These plans address sewer, water, storm water, streets and public access. Projects under construction include: the Coastal Bike Trail Connector at Ocean Blvd. project, which will link the Los Angeles River trail to the Gerald Desmond Bridge path to Golden Shore; and the Pier G Avenue Infrastructure Improvement project, which consists of sewer, storm drain, water, and paving improvements.

Environmental Compliance

General. The LB Harbor Department is required to comply with the provisions of a number of federal and state laws designed to protect or enhance the environment. The two basic laws are the Federal National Environmental Policy Act ("NEPA") and the State of California Environmental Quality Act ("CEQA"). Other federal environmental laws applicable to 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 of 1972, which governs the ocean dumping of dredged materials; the Rivers and Harbors Act, which governs navigable waterways; and the Clean Water Act, which governs discharges to surface waters. Enforcement agencies include the U.S. and California Environmental Protection Agencies and the U.S. Army Corps of Engineers, which rely on consultation and advice from various federal resource agencies.

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

Additional environmental laws and regulations may be enacted and adopted, and/or court cases decided, in the future that could be applicable to the LB Harbor Department and POLB. See "Air Pollution Reduction Programs—Air Pollution Reduction Programs (Clean Air Action Plan)" below. The LB Harbor Department is not able to predict what those laws, regulations and/or cases may provide or the costs to the LB Harbor Department to comply with such laws and regulations. Any additional environmental laws and regulations could significantly delay or limit the LB Harbor Department's plans to construct and develop new revenue generating facilities at the Port. See "—POLB Capital Development Program."

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

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

Pollution Reduction Programs.

Air Pollution Reduction Programs (Clean Air Action Plan). In 2005, the LB Harbor Department, together with POLA, developed the San Pedro Bay Ports Clean Air Action Plan (the "Ports Clean Air Action Plan") with input from the EPA, CARB, and the South Coast Air Quality Management District ("SCAQMD"). The Ports Clean Air Action Plan was updated and reauthorized in 2010 and again in 2017. The Ports Clean Air Action Plan is the LB Harbor Department's long- term comprehensive plan to address air pollution emissions from Port-related sources. The Ports Clean Air Action Plan addresses the five primary categories of Port-related emission sources (ships, trucks, trains, cargo handling equipment and harbor craft), and outlines specific, detailed strategies to reduce emissions from each category. Through implementation of the Ports Clean Air Action Plan, since 2005, there has been a 90% reduction in diesel particulate matter, a 97% reduction in sulfur oxides and a 63% reduction in nitrogen oxides emissions from Port-related sources. The 2017 update to the Ports Clean Air Action Plan includes several updates, including goals of achieving zero emission cargo handling equipment by 2030 and zero emission drayage truck fleets by 2035. The Ports Clean Air Action Plan has and will require a significant investment by the LB Harbor Department, POLA 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 POLB and POLA. See "2016 AQMP Indirect Source Rule" below.

Pursuant to the Ports Clean Air Action Plan, the LB Harbor Department 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 the Ports of Long Beach and Los Angeles 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 the Ports of Long Beach and Los Angeles (the "Green Ship Incentive Program"); (c) accelerated replacement of cargo handling equipment with equipment that produces near-zero or zero emissions by 2030; (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 Pacific Harbor Line with less polluting locomotives and the purchase of six generator set locomotives which meet the cleanest engine standards; and (g) the Clean Trucks Program, which requires progressively cleaner engine standards for trucks operating at the Port, including establishing the goal to transition drayage trucks to zero emissions by 2035 (see "Clean Trucks Program" below for additional information).

Clean Trucks Program. One of the programs the LB Harbor Department has undertaken in an effort to lower air pollution levels at POLB is the Clean Trucks Program (the "CTP"). The CTP instituted a series of progressive bans adopted by POLB and POLA designed to gradually restrict older, more polluting trucks from operating at the marine terminals at the Ports of Long Beach and Los Angeles until eventually all trucks operating at the terminals of the Ports of Long Beach and Los Angeles would be required to meet the EPA's 2007 On-Road Heavy Duty emissions standards. The CTP targets emissions from heavy duty trucks that move cargo in and out of the marine terminals at POLB. The CTP successfully reduced air emissions and health risks by modernizing POLB's trucking fleet. As a result of continued modernization of the truck fleet, currently about half have been upgraded to meet the even cleaner EPA 2010 on-road heavy duty emissions standards. The LB Harbor Department has no remaining financial obligations under the original CTP.

In 2017, POLB and POLA updated the Ports Clean Air Action Plan, by setting a goal to transition to zero-emission trucks by 2035. In support of this goal, POLB and POLA adopted a new Clean Truck Fund Rate (the "CTF Rate") of $10 per loaded container to be paid by cargo owners. Zero-emission trucks are exempt from the CTF Rate, and low-nitrogen-oxide ("low NOx") trucks are exempt under limited conditions. In Long Beach, low NOx trucks will be exempt through December 31, 2034, if purchased by November 8, 2021, active in port service and retained by the original owner, or through December 31, 2031, if registered by December 31, 2022, or ordered by July 31, 2022, and registered within 30 days of receipt of the truck. The revenues collected from the CTF Rate will fund incentives and/or will provide financial support to deploy clean heavy-duty Class 8 drayage trucks that serve POLB and POLA, as well as associated charging or fueling infrastructure for zero-emission trucks. POLB and POLA began collecting the CTF Rate on April 1, 2022. POLB and POLA expect the rate to generate approximately $40-45 million each year, although amounts will fluctuate with cargo volumes and truck activity, and will likely decrease over time as the population of rate-exempt zero-emission trucks grows.

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 security regulations focus on those sectors of maritime industry that have a higher risk of involvement in a transportation security incident, including various tank vessels, barges, large passenger vessels, cargo vessels, towing vessels, offshore oil and gas platforms, and port facilities that handle certain kinds of dangerous cargo or service the vessels listed above. Such regulations were implemented on July 1, 2003, and final rules became effective in November 2003. The regulations provide for port and vessel owners and operators to assess their vulnerabilities, and to then develop plans that may include implementing vehicle, container and baggage screening procedures, designating security patrols, establishing restricted areas, implementing personnel identification procedures, accessing control measures, and/or installing surveillance equipment. The 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 to monitor activities throughout the POLB complex. To address waterside threats, the LB Harbor Department has a radar detection system and has agreements with the Long Beach Police Department to provide 24/7 "on water" patrol capability. The LB Harbor Department is working with marine terminal operators and other stakeholders within and outside POLB to share video camera feeds, thereby enhancing overall regional security monitoring capabilities. The LB Harbor Department has installed tools to assist in emergencies, including programmable highway signs, and an automated emergency notification system to provide secure communications with tenants and emergency services. The LB Harbor Department continues to support efforts by the TSA to implement a transportation workers identification card. The LB Harbor Department has improved and continues to enhance physical security throughout the Port complex by installing security fencing, lighting, barriers and access control systems. These improvements are being applied to all infrastructure above and below ground. Radiation portal monitors have been installed at all of the container terminals, which are managed by the U.S. Customs & Border Protection. All containers originating at foreign ports will be tested for the presence of radioactive materials when leaving 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 (which is triple the level of staffing on September 11, 2001). The Command and Control Center functions as a "maritime domain awareness center" and combines and displays all the surveillance, detection and monitoring data from throughout POLB; this data is shared and communicated with facility security personnel and law enforcement agencies that protect the harbor complex. In addition, the LB Harbor Department has implemented a geo-spatial software platform that provides a common operational picture of the region's maritime domain to support daily security functions, incident response, and recovery operations. The Command and Control Center also is the home to the Maritime Coordination Center, which coordinates the response to offshore illicit activities for over 70 different maritime law enforcement entities along 320 miles of California coastline.

In 2016 and 2017, the LB Harbor Department took delivery of two new state-of-the-art fireboats that will, among other things, enable it to respond more effectively to fires on mega-cargo ships. In addition, these fireboats are equipped with chemical, biological, radiological, and nuclear response capabilities and have an air tight citadel and equipment that enables them to respond to hazardous incidents.

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

National and local law enforcement officials have warned that additional terrorist attacks upon key infrastructure and other targets in the United States are possible. POLB and the surrounding waterways are particularly visible infrastructure assets that could be the subject of future attempted terrorist attacks. A shutdown of the POLB complex could have a significant impact on the U.S. economy. A terrorist attack on POLB or the surrounding waterways or an attack somewhere else in the country or the world could have a material adverse effect on the collection of revenues of the LB Harbor Department.

Outstanding Indebtedness

As of May 31, 2023, POLB had approximately $556.2 million aggregate principal amount of its harbor revenue bonds (the "Harbor Revenue Bonds") outstanding, and an approximately $496.7 million loan (the "TIFIA Loan") outstanding provided to POLB by the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the "TIFIA Lender"). The outstanding Harbor Revenue Bonds bear interest at fixed rates that range from 4% to 5% and mature on or before May 15, 2047. The TIFIA Loan bears interest at a rate of 1.260% and has a final maturity date of May 15, 2055.

In addition to the Harbor Revenue Bonds and the TIFIA Loan, POLB entered into a revolving credit agreement, as amended (the "Subordinate Revolving Credit Agreement"), with U.S. Bank, N.A. (successor to MUFG Union Bank, N.A.),, pursuant to which POLB can borrow up to $250 million at any one time (the "Subordinate Revolving Obligations. The Subordinate Revolving Obligations bear interest at variable interest rates based on the Secured Overnight Financing Rate. The Subordinate Revolving Credit Agreement has a stated expiration date of April 14, 2025, unless otherwise terminate earlier or extended, as the case may be, pursuant to the terms of the Subordinate Revolving Credit Agreement. As of the date hereof, POLB had no outstanding Subordinate Revolving Obligations.

The principal of and interest on the Harbor Revenue Bonds, the Subordinate Revolving Obligations and the TIFIA Loan are payable from and are secured by a pledge of and a lien and charge upon the LB Harbor Department's revenues prior to the payment of Shortfall Advances.

Transfers to City of Long Beach

Pursuant to Chapter XII, Section 1209(c)(4) of the Long Beach Charter, at the beginning of each fiscal year, by a two-thirds vote of the members of the City Council of the City of Long Beach may determine that an amount not to exceed 5% of the gross operating revenues of the LB Harbor Department for the previous fiscal year shall be transferred from the Long Beach Harbor Revenue Fund to the City of Long Beach's Tideland's Operating Fund. Any amounts transferred to the City of Long Beach's Tideland's Operating Fund must be approved by a majority of all members of the POLB Board. When approving any transfer, the POLB Board must determine that the amount to be transferred will not be needed for LB Harbor Department operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal and interest on POLB's indebtedness, or otherwise impair the ability to meet covenants with respect to POLB's indebtedness. The LB Harbor Department transferred approximately $21.7 million (5% of the LB Harbor Department's gross operating revenue for the fiscal year ended September 30, 2021) from the Long Beach Harbor Revenue Fund to the City of Long Beach's Tideland's Operating Fund during the fiscal year ended September 30, 2022. The POLB Board expects to approve transfers of approximately $24.0 million (5% of the LB Harbor Department's gross operating revenue for the fiscal year ended September 30, 2022) from the Long Beach Harbor Revenue Fund to the City of Long Beach's Tideland's Operating Fund during the fiscal year ending September 30, 2023. The LB Harbor Department expects that for the foreseeable future transfers will continue to be made each fiscal year from the Long Beach Harbor Revenue Fund to the City of Long Beach's Tideland's Operating Fund.

Audited Financial Statements

POLB's audited financial statements for the fiscal year ended September 30, 2022, and the report of the auditor dated March 27, 2023 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.

APPENDIX C-1

HARBOR DEPARTMENT OF THE CITY OF LONG BEACH
AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2022

The Harbor Department, an Enterprise Fund of the City of Long Beach, California

Annual Comprehensive Financial Report

For the fiscal year ended September 30, 2022

Port of
LONG BEACH
THE PORT OF CHOICE

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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Introduction

Letter of Transmittal

March 27, 2023

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

Members of the Board of Harbor Commissioners:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report (ACFR) of the Harbor Department of the City of Long Beach (the Department), an enterprise fund of the City of Long Beach (the City), California, for the fiscal year ended September 30, 2022. The Department's operations are included in the City's reporting entity as an enterprise fund.

This report consists of management's representations concerning the finances of the Department. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. The costs of internal controls should not exceed their benefits; therefore, the comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material aspects.

The Department's basic financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the Department's financial statements for the fiscal year ended September 30, 2022 are free of material misstatement. The independent audit entails examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit performed, that there was a reasonable basis for rendering an unmodified opinion, and that the Department's financial statements for the fiscal year ended September 30, 2022 are fairly presented, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

G M P requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A, and should be read in conjunction with it. The Department's MD&A immediately follows the report of the independent auditors.

Profile of the Department

In 1911, the State of California conveyed, in trust, to the City certain tidal and submerged lands for the establishment and maintenance of the Harbor District (which includes the Port of Long Beach). Consistent with this grant, the City Charter confers on the Board of Harbor Commissioners (the Board) exclusive control and management of the Department (the Port). The Board has authority, on behalf of the City, to provide for the needs of commerce, navigation, recreation, and fishery; to develop and maintain all waterfront properties; to dredge and reclaim land; and to construct and operate terminals, railroad tracks, and other facilities both inside and outside of the Port's jurisdiction. The Port is a landlord port providing the region, state, and nation with state-of-the-art seaport facilities and serving as an international gateway for trade.

The Port generates revenues through leases, tariffs, and other charges assessed to tenants and other customers. No local, state, or federal taxes support Port operations. The Port does not contribute to the City of Long Beach general fund or governmental activities, but compensates the City of Long Beach for services provided such as public safety, human resources, civil service, and centralized financial, legal, and audit services.

The Port maintains a financial and cost accounting system independent of other City departments. The focus of the statement of revenues and expenses is on inflows and outflows of economic resources using the accrual basis of accounting. Changes in net position are recognized as soon as the cause of the change occurs, regardless of the timing of related cash flows; that is, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred. All of the assets and liabilities associated with the Port's operations are included in the statement of net position. Net position is segregated into net investment in capital assets, restricted for related debt service, and unrestricted.

Commercial Outlook

The Port provides best in class customer service to attract more commercial activity and maximize revenue opportunities. By aligning its product with customer demands, the Port employs a strategic and customized approach with all customer segments. Focused outreach ensures the Port has a full understanding of the customers' needs and successfully promotes the benefits of its services.

Continuing the trend of the cargo surge spurred by the COVID-19 pandemic, the Port experienced record container volumes in fiscal year 2022, with 9.6 million twenty-foot-equivalent units (TEUs) moved, or a1 .4% increase from the prior fiscal year

Aside from the pandemic, on-going geopolitical developments, and the challenges in the global supply chain, the following trends continue to shape the future of the maritime industry: capacity management by ocean carriers, rationalization of alliance deployments, vessel upsizing and fuel prices.

The expansion or contraction of foreign trade directly affects local, regional, and national economies. Increasingly, the Port has been the focus relating to the mismatch of supply chain capacity and capability. The Port, therefore, as a crucial economic engine for the region and beyond, must continually strengthen its competitiveness by anticipating and responding to economic challenges, and seizing opportunities to facilitate cargo conveyance to remain the Port of Choice® for the trans-Pacific trade.

Fiscal year 2022 marked the sixth year of having three vessel-sharing alliances (2M, OCEAN and THE Alliance) operating within the Port. During this fiscal year, the third and final phase of Long Beach Container Terminal's (LBCT) Middle Harbor Redevelopment Program was completed. This approximate $1.5 billion and ten year program combined and modernized two aging shipping terminals. The project more than quintupled on-dock rail capacity and adds shore power connections and advanced technology that allows the new terminal to significantly increase cargo capacity.

A key competitive advantage of the Port of Long Beach over other gateways is the ability to accommodate the largest vessels currently in-service and on order. In preparation for the next generation of even larger vessels, the Port of Long Beach continues its progress on a multi-billion dollar capital program to upgrade its infrastructure and modernize its facilities to improve efficiency in its cargo operations and enhance reliability.

Capital infrastructure projects currently underway that will position the Port for increased volume and revenue include the following:

- Pier B On-Dock Rail Support Facility: The Pier B on-dock rail support facility will provide for more efficient transfer of cargo between marine terminals and the Class 1 railroads, resulting in increased on-dock rail capacity and operating efficiency.

- Other Rail Projects: The Pier G Double Track, 4th Track at CP Ocean, and Terminal Island Rail Projects will support the more efficient transfer of cargo between marine terminals and the Class 1 railroads, resulting in increased on-dock rail capacity and operating efficiency.

- Supply Chain Information Highway: The Port continues to advance data sharing concepts to maximize efficiency and visibility into cargo movement and has joined with a leading technology firm to create the "Supply Chain Information Highway." This tool will allow all stakeholders to track cargo across the various nodes of transportation. The soft launch of the proof of concept was at the Trans-Pacific Maritime Conference in Long Beach in February 2022. The Port of Miami and the South Carolina Ports Authority joined the Port of Oakland, the Northwest Seaport Alliance and the Utah Inland Port Authority in supporting the digital infrastructure project.

The Port is also taking a leadership role by working with its partners to formulate solutions to continuously improve operating efficiencies through a combination of infrastructure enhancements, operational improvements, and investments in innovative environmental programs.

Environmental Protection

The Port continues to make substantial investments to improve the environment through sustainable practices that reduce the environmental impacts from Port operations and development.

In 2005, the Long Beach Board of Harbor Commissioners adopted the Green Port Policy, which committed to reducing the Port's impact on the environment and the community. In 2006, at a historic joint board session of Long Beach and Los Angeles Boards of Harbor Commissioners (the Ports), the San Pedro Bay Clean Air Action Plan (CAAP) was approved. The CAAP was updated in 2010, and most recently in 2017, to identify new strategies to achieve significant emission reductions into the future. The 2017 update includes zero emission mandates for cargo handling equipment by 2030 and drayage trucks by 2035.

Similarly, at a joint board session in 2009, the Ports adopted the Water Resources Action Plan (WRAP) which outlines the Ports' water quality programs and strategies for maintaining and improving harbor water resources. The Port continues its significant efforts related to complying with regulatory programs, such as the Total Maximum Daily Load (TMDL), the statewide Industrial General Permit, Construction Storm Water Permit, and the Long Beach Municipal Permit. The Port continues to invest in opportunities for the sustainable management of contaminated and non-contaminated sediments within the Harbor District. And finally, the Port continues to evaluate the water quality and sediment in the harbor, the levels of pollution in fish, and the health of the harbor ecosystem.

The Harbor Department administers a number of hazardous materials and waste management programs designed to ensure compliance with applicable federal, state, and local regulations. These programs include surveys to identify the presence of hazardous materials, including asbestos and lead-based paint; assessment and remediation of soil and groundwater contaminated by historical industrial development within the Harbor District; and hazardous material spill response.

Through its environmental initiatives, the Port has:

- Cut diesel particulates by 88%, sulfur oxides by 96%, and smog-forming nitrogen oxides by 49% as identified in the 2021 annual air emissions inventory.
- Continued to foster the development of new clean air technologies through the Technology Advancement Program, including zero emission terminal equipment.
- Awarded over $110 million in grant-funding to demonstrate zero emission equipment and advanced energy systems in Port operations.
- Established a technical working group with the Port of Los Angeles, the Los Angeles Regional Water Quality Control Board and the State Water Resources Control Board, to conduct the special studies and analysis required to make sound environmental management decisions and support modifications to the Total Maximum Daily Load (TMDL) regulation.
- Completed a comprehensive hydrodynamic, sediment transport and bioaccumulation model to link water and sediment management actions with desired outcomes.

- Updated the Green Ship Incentive Program to offer the highest incentive level of any port to attract Tier III vessels to the Port of Long Beach.
- Continued the Green Flag Vessel Speed Reduction Program within 20 nautical miles or 40 nautical miles of the Port (where greater than 90% of ships slow down to 12 knots}, to reduce air pollution emissions.

Risk Management

The Port has developed a comprehensive, all-hazard business continuity plan to facilitate the efficient movement of cargo following a business disruption event. The plan focuses on: 1) maintaining a safe and secure port environment; 2) keeping the land and water infrastructure operational to the greatest extent possible; and 3) ensuring that those objectives are performed in a legally and financially responsible manner.

Security

The Port is committed to safety and security and is dedicated to becoming the safest and most secure port in the world. Since 2009, the Port has operated the Joint Command and Control Center (JCCC). This state-of-the-art facility houses not only the Port's Security Division and Harbor Patrol, but also the Long Beach Police Department's Port Police Division. The Long Beach Fire Department is also represented in the JCCC by an Assistant Chief. The Port takes an above the water, on the water, and below the water approach to Maritime Domain Awareness. This is accomplished through the use of the latest integrated, high-tech surveillance systems to maintain vigilance and share data with the many agencies responsible for port security. The JCCC monitors more than 650 cameras throughout the port complex, including long-range and night-vision units, in addition to access control and radar detection systems.

The Port is protected by multiple layers of security, including the U.S. Coast Guard, U.S. Customs and Border Protection, Long Beach Police Department, and other federal, state, and local law enforcement agencies. Additionally, the Port utilizes the Harbor Patrol, a cadre of highly trained public officers who are responsible for security operations and traffic management on the property owned by the Port and any public roadways within its boundaries. The Long Beach Police Department, Port Police Division also provides a dedicated force of police officers who patrol land and water side throughout the port complex. Supporting the Harbor Patrol and Port Police patrol units is a Command Center within the JCCC that provides domain awareness, information sharing across agencies, and dispatches resources to emergent situations 24 hours a day seven days a week. The Long Beach Fire Department also has four stations within the Harbor District, one with a hazardous materials unit, that provide land and waterside emergency response in addition to two state of the art fire response boats.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the 39th consecutive year that the Department has received this prestigious award. In order to be awarded a

Certificate of Achievement, the Department must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the current reporting period.

We would like to acknowledge the dedication of the Finance Division staff for the timely preparation of this report.

Respectfully submitted:

Mario Cordero
Executive Director

Sam Joumblat, CPA
Chief Financial Officer
Managing Director of
Finance and Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Harbor Department of the City of Long Beach California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

September 30, 2021

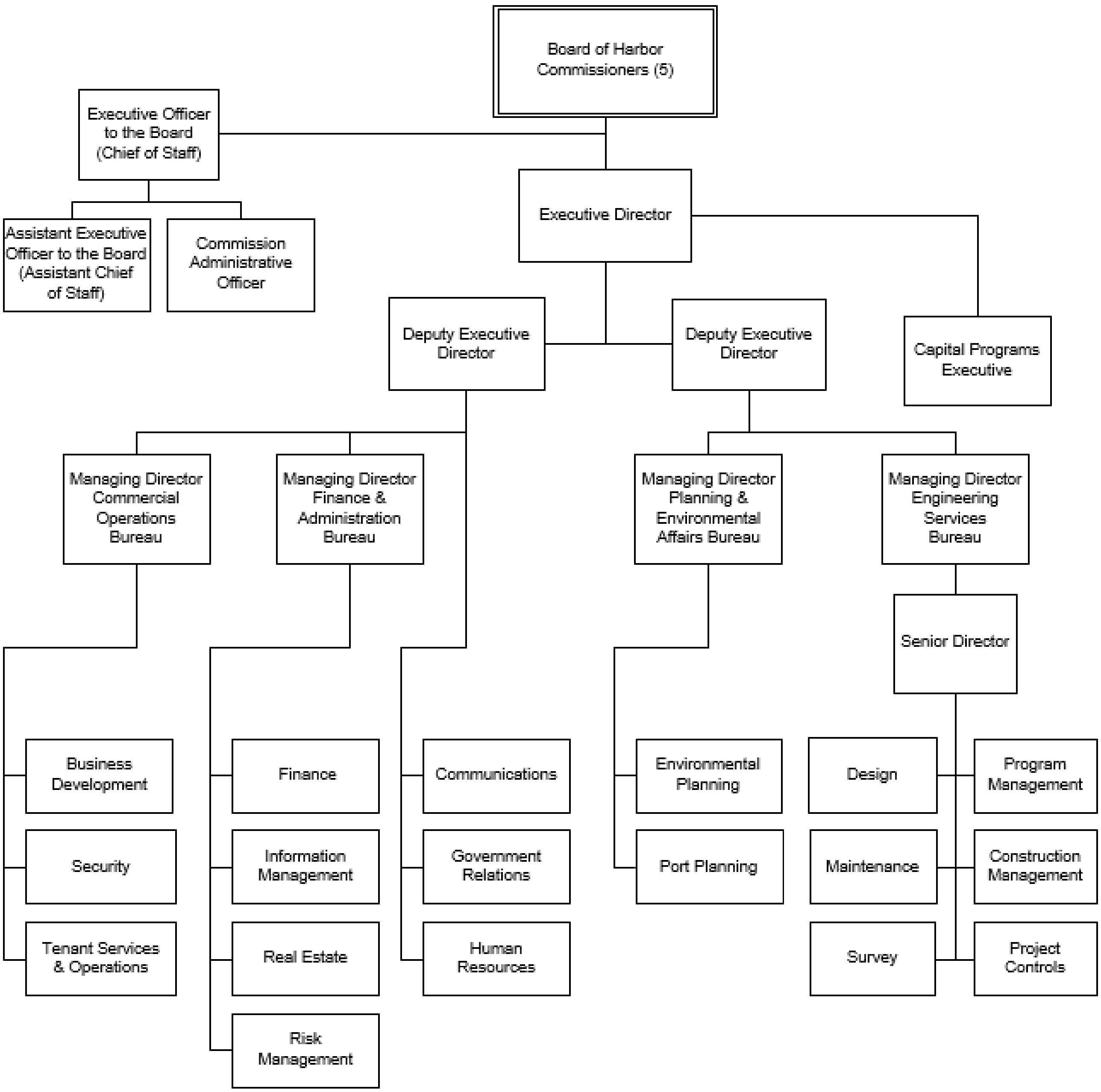
Christopher P. Morrill

Executive Director/CEO

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Organizational Chart

September 30, 2022



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

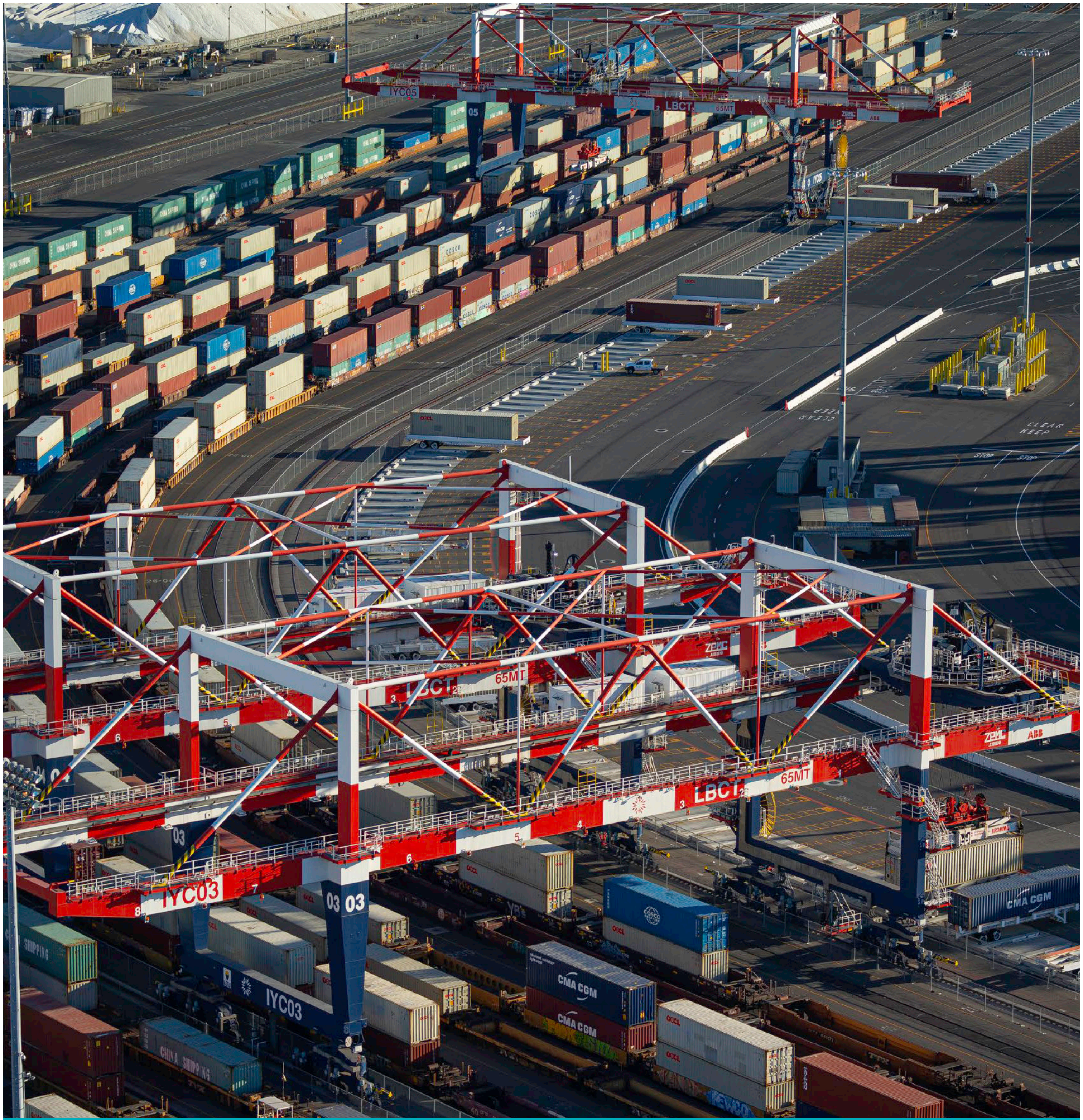
Board of Harbor Commissioners and Senior Management

September 30, 2022

Board of Harbor Commissioners

Sharon L. Weissman, President
Bobby Olvera Jr., Vice President
Bonnie Lowenthal, Secretary and Commissioner
Steven Neal, Commissioner
Frank Colonna, Commissioner

Executive Offices	
Executive Director	Mario Cordero
Deputy Executive Director	Noel Hacegaba
Deputy Executive Director	Richard D. Cameron
Executive Officer to the Board	Shana Espinoza
Capital Program Executive	Duane Kenagy
Communications Division	Director, Kerry Gerot
Government Relations Division	Director, Eleanor Torres
Human Resources Division	Director, Sandy Witz
Finance and Administration Bureau	Managing Director, Sam Joumblat
Finance Division	Director, Wei Chi
Information Management Division	Director, Nyariana Maiko
Real Estate Division	Director, Eamonn Killeen
Risk Management Division	Director, Richard S. Baratta
Commercial Operations Bureau	Managing Director, Samantha Galltin
Business Development Division	Director, Roger Wu
Security Division	Director, Casey Hehr
Tenant Services and Operations Division	(Vacant)
Planning and Environmental Affairs Bureau	Managing Director, Heather Tomley
Environmental Planning Division	Director, Matthew Arms
Port Planning Division	Director, Theresa Dau-Ngo
Engineering Services Bureau	Managing Director, Sean Gamette
Program Delivery Group	Senior Director, Suzanne Plezia
Program Management Division	Director, Tasha Higgins
Construction Management Division	Director, Darrin Lambrigger
Design Division	Director, John Chun
Maintenance Division	Director, Fred Greco
Project Controls Division	Director, Marlene Dupras
Surveys Division	Director, Kimberly Holtz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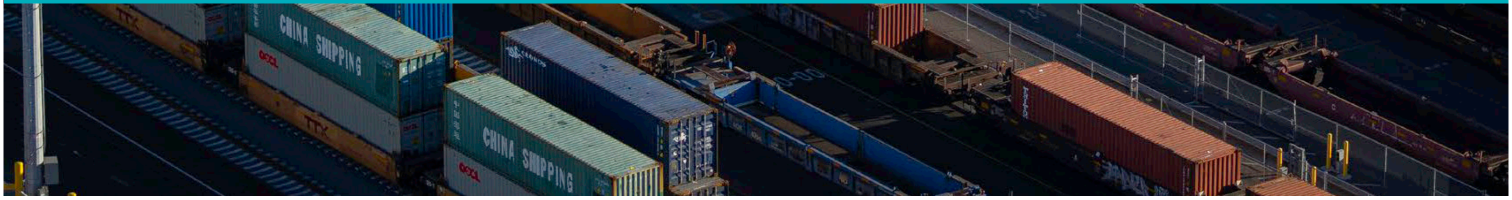
Financials


CHINA SHIPPING
CHINA SHIPPING

KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Harbor Department (the Department) of the City of Long Beach, California (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Department as of September 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City, as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Pronouncement

As discussed in Note 5 to the basic financial statements, in fiscal year 2022, the Department adopted, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedules listed under the Required Supplementary Information under the financial section in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
March 27, 2023

The following discussion and analysis of the financial performance of the Harbor Department of the City of Long Beach, California (the Department) provides an overview of the financial activities for the fiscal years ended September 30, 2022 with selected comparative information for fiscal year ended September 30, 2021. The information presented here should be read in conjunction with the additional information contained in the Department's financial statements and related notes and the letter of transmittal that precedes this section.

Using this Financial Report

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

The Department's financial report consists of this management's discussion and analysis (MD&A) and the following financial statements:

- *The statement of net position* – Reports all of the Department's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, as well as an indication about which assets can be used for general purposes, and which assets are restricted as a result of bond covenants and other requirements
- *The statement of revenues, expenses, and changes in net position* – Reports the results of all revenues and expenses of the Department's operations for the fiscal period presented
- *The statement of cash flows* – Reports the inflows and outflows of cash and cash equivalents resulting from operating, noncapital financing, capital and related financing, and investing activities; a reconciliation is also provided to assist in understanding the difference between operating income and cash flows from operating activities
- *Notes to the basic financial statements* – Reports information that supplements and clarifies significant elements of the financial statements; such information is essential to a full understanding of the Department's financial activities

Overview of the Department's Financial Statements

The Department is an enterprise fund, and is a fiscally independent component unit of the City of Long Beach, California (the City). The Department's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles supported by the Governmental Accounting Standards Board.

Analysis of Net Position

The following condensed financial information provides an overview of the Department's financial position as of September 30, 2022 and 2021:

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

September 30, 2022 and 2021

(Amounts expressed in thousands)

	2022	2021
Assets:		
Capital assets, net	$ 3,743,718	5,197,575
Current and other assets	847,542	892,741
Total assets	4,591,260	6,090,316
Deferred outflows of resources	45,545	15,989
Total assets and deferred outflows of resources	$ 4,636,805	6,106,305
Liabilities:		
Current liabilities	$ 168,768	338,178
Long-term obligations, net of current portion	1,288,700	1,255,761
Total liabilities	1,457,468	1,593,939
Deferred inflows of resources	9,262	53,642
Total liabilities and deferred inflows of resources	$ 1,466,730	1,647,581
Net position:		
Net investment in capital assets	$ 2,531,127	3,768,983
Restricted:		
Capital projects	37,463	37,743
Debt service	14,749	13,717
Unrestricted	586,736	638,280
Total net position	$ 3,170,075	4,458,723

Net Position Discussion

The changes in net position over time serve as a useful indicator of the Department's financial activities and position. As of September 30, 2022, $2.5 billion, or 79.8%, of the Department's total net position represents its net investment in capital assets. This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings attributable to those assets that have been expended at September 30, 2022. These capital assets are used to facilitate the operations of the Port of Long Beach (the Port) and its tenants.

The restricted portion of the Department's net position of $52.2 million, or 1.6%, is comprised of $37.5 million in environmental mitigation credits for use on landfill capital projects and $14.7 million reserved for current debt service payments. The remaining balance of $586.7 million, or 18.5%, reflects the unrestricted resources that may be used for ongoing and future operations of the Department.

Current and other assets of $847.5 million, a decrease of $45.2 million from the prior fiscal year was primarily due to the pay down of the outstanding $50 million line of credit, which was partially offset by an increase in due from other governmental agencies.

Capital assets, net of depreciation, decreased by $1.5 billion, or 28.0%, from the prior fiscal year primarily due to the Department transferring the ownership title of the new Gerald Desmond Bridge Replacement "GDBR" (or the Long Beach International Gateway Bridge) to the California Department of Transportation (Caltrans) as a component of the state highway system on March 2022; this resulted in a write-off on the Department's capital asset. Refer to page 16 and note 4 for additional discussion related to capital assets.

Current liabilities decreased by $169.4 million primarily as a result of a $105 million payment in accrued liability as part of a settlement on the construction contract of the Gerald Desmond Bridge Replacement project, and a $50 million pay-down on the revolving line of credit's outstanding balance.

Long-term obligations increased by $32.9 million due to a $72.4 million increase in the City's allocated pension liability driven primarily by a lower than expected return on CalPERS actuarial reporting for the measurement period, the additional $5 million draw-down of the Transportation Infrastructure Finance & Innovation Act (TIFIA) loan, and the offsetting $46.1 million annual principal payment of debt service. Refer to page 16 and notes 11 to 15 for additional discussion related to long term liabilities and debt service.

(Continued)

Capital Assets and Debt Administration

Capital Assets Discussion

The Department's capital assets, net of accumulated depreciation as of September 30, 2022 and 2021 are as follows (amounts expressed in thousands):

		2022	2021
Nondepreciable capital assets:			
Land	$	1,371,193	1,313,696
Construction in progress		380,251	441,539
Right-of-way		197,884	197,884
Total nondepreciable capital assets		1,949,328	1,953,119
Depreciable capital assets (net):			
Structures and facilities		1,696,134	3,151,019
Furniture, fixtures, and equipment		98,256	93,437
Total depreciable capital assets (net)		1,794,390	3,244,456
Total capital assets, net	$	3,743,718	5,197,575

The capital asset accounts, net of accumulated depreciation totaled $3.7 billion, a net decrease of $1.5 billion from the prior fiscal year, which was primarily due to the aforementioned ownership transfer of the GDBR or the Long Beach International Gateway Bridge to Caltrans. The amount of capital assets transferred out of construction in progress and into service totaled approximately $216 million for the year ended September 30, 2022. Refer to note 4 for additional discussion related to capital assets.

Debt Administration Discussion

The following table summarizes the Department's debt as of September 30, 2022 and 2021 (amounts expressed in thousands):

		2022	2021
Long-term debt (principal and net premiums)	$	673,087	717,592
TIFIA Loan		498,926	495,000
Line of credit		—	50,000
Total	$	1,172,013	1,262,592

The Department's total debt decreased by $90.6 million, or 7.2%. This was primarily due to the $50 million pay-down on the revolving line of credit's outstanding balance, in addition to the annual debt service principal payments. Refer to notes 12 to 14 for additional discussion related to debt service.

The underlying ratings assigned to the Department's long term debt are as follows:

Rating Agency	Senior Revenue Bonds	TIFIA Loan	Outlook
Standard & Poor's	AA+	AA	Stable
Moody's	Aa2	Aa3	Stable
Fitch	AA	AA-	Stable

Note: Standard & Poor's upgraded Port's ratings in December 2022.

The debt service coverage ratio for fiscal year 2022 was 3.93, and is calculated as: operating revenues plus interest income minus operating expenses (excluding depreciation), divided by debt service on senior bonds. The minimum required debt service coverage ratio is 1.25.

(Continued)

Analysis of Changes in Net Position

The following condensed financial information provides an overview of the changes of the Department's net position during fiscal years 2022 and 2021:

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

Years ended September 30, 2022 and 2021

(Amounts expressed in thousands)

	2022	2021
Operating revenues:		
Berths and special facilities	$ 439,096	408,312
Rental properties	36,875	23,061
Miscellaneous	3,606	3,271
Total operating revenues	479,577	434,644
Operating expenses:		
Personnel services	65,176	37,258
Maintenance and operations	62,890	59,145
Interdepartmental services	38,430	38,320
Total operating expenses before depreciation	166,496	134,723
Depreciation	179,771	172,827
Income from operations	133,310	127,094
Nonoperating revenue (expenses):		
Interest expense	(27,340)	(26,431)
Investment loss, net	(22,517)	(637)
Equity in income from joint venture	1,513	2,243
Other income, net	51,307	3,453
Net nonoperating revenues (expenses)	2,963	(21,372)
Income before capital grants and transfer	136,273	105,722
Transfers to the City	(26,213)	(21,598)
Transfer to Caltrans	(1,486,204)	—
Grants	87,496	11,769
Change in net position	(1,288,648)	95,893
Total net position – beginning of year	4,458,723	4,362,830
Total net position – end of year	$ 3,170,075	4,458,723

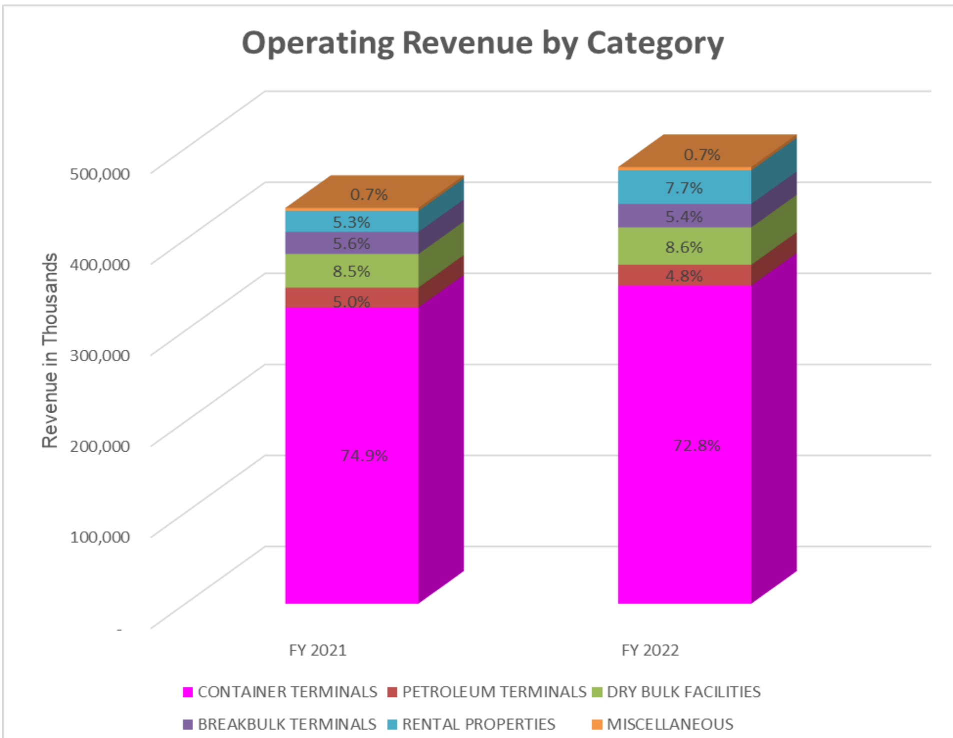
(Continued)

Changes in Net Position Discussion

Operating Revenues

Total operating revenues for fiscal year 2022 totaled $479.6 million, an increase of $44.9 million, or 10.3%, from the prior fiscal year, which was primarily attributed to the delivery of 80 additional acres at the Middle Harbor terminal (Pier E), and some updated lease terms at other terminals. In addition, rental property revenue was up $13.8 million from the prior year mostly due to continued strong demand for leased land for container storage.

The chart below depicts the revenue categories as a percentage of total operating revenues:



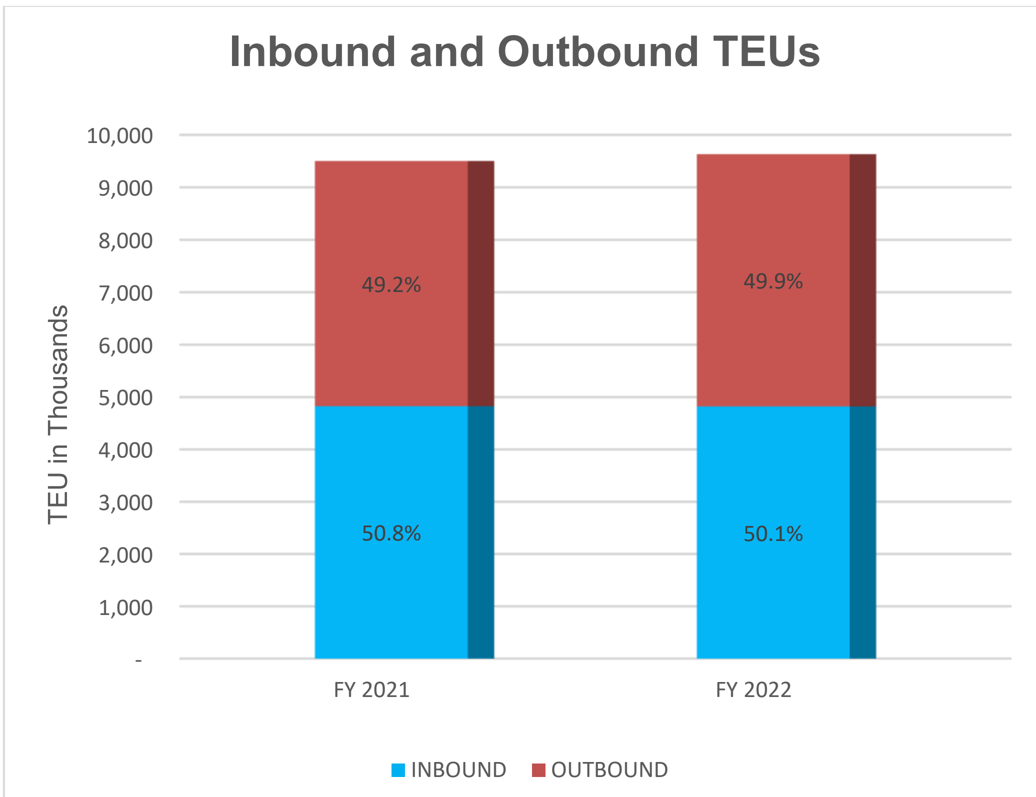
Cargo Volumes

The Port is one of the busiest major gateways in North America by container volume and services many of the major ocean carriers. Some of these major carriers are COSCO Shipping, OOCL, Ocean Network Express, Mediterranean Shipping Company, Hyundai Merchant Marine, Matson and SM lines.

Cargo volumes, measured in Metric Revenue Tons (MRTs), increased by 2.3% to 202.8 million MRTs versus 198.1 million MRTs in the prior fiscal year. Containerized cargo was unchanged, at 155.2 million MRTs, dry bulk (coke, coal, sulfur, etc.) increased 15.3% to 9.5 million MRTs, break bulk (vehicles, metals, and lumber) increased 16.0% to 1.3 million MRTs, and liquid bulk (petroleum and crude) increased 11.2% to 36.7 million MRTs. The Port continues to invest in capital programs to modernize its terminal facilities and infrastructure to enhance operational efficiencies for the anticipated growth in trade volumes. Its terminals continue to serve as the port of choice for shipping lines to move cargo into and out of the continental United States.

Container count, measured in Twenty Foot Equivalent Units (TEUs) increased 1.1% to 9.6 million TEUs. This is another record for the Port on top of a record fiscal year 2021, when 9.5 million TEUs were moved.

The chart below depicts the components of inbound and outbound TEUs as a percentage of total volume:



Change in Net Position

Change in net position for fiscal year 2022 was a loss of $1.3 billion, resulting in a decrease of $1.3 billion from the prior fiscal year. This was primarily due to the asset write-off of $1.5 billion associated with the ownership transfer of the GDBR (Long Beach International Gateway Bridge) to Caltrans as a component of the state highway system on March 2022. Other factors contributing to the net change were higher operating revenue of $44.9 million, offset by higher operating expenses (including depreciation) of $38.7 million, a $20.5 million gain on sale of assets, and $75.7 million increase in grants funding. Additionally, the new Clean Trucks Program, which began in April 2022, collected $21.6 million in fees. The following section provides a further discussion of the operations.

Operating Expense and Other Income and Expense

Total operating expenses (excluding depreciation) for fiscal year 2022 was $166.5 million, $31.8 million higher than the prior fiscal year. Personnel services expense was $65.2 million, $27.9 million higher than prior year primarily due to a $22.9 million increase in the Department's portion of the City's managed pension and postretirement healthcare benefits expenses, as well as a $5.2 million increase in salaries and fringe benefits. Maintenance and operations expense was $62.9 million, $3.7 million higher due to a $4.4 million increase in environmental remediation obligations, and a $1.0 million reduction in miscellaneous maintenance expenses.

Depreciation expense is affected by capital assets being placed into service or being retired in accordance with their useful lives. Depreciation expense in fiscal year 2022 was $179.8 million, $6.9 million higher than the prior fiscal year primarily from the addition of Pier E structures and facilities.

Interest expense on debt service for fiscal year 2022 was $27.3 million, $0.9 million higher than the prior fiscal year due to the addition of TIFIA loan drawdown.

Investment loss, net is comprised of (1) investment interest income and (2) unrealized loss of $22.5 million. a decline of $21.9 million year-over-year, due to a change in the market value of the investment portfolio.

Other income for fiscal year 2022 totaled $51.3 million, $47.9 million higher than prior fiscal year, primarily due to $21.6 million in fees from the new Clean Trucks Program, a $20.5 million gain on sale of the World Trade Center parking lot, and other tenant cost share contribution for leasehold improvement.

Transfers to the City totaled $26.2 million in fiscal year 2022, $4.6 million higher than prior fiscal year, which is primarily for the City Tidelands Operating Fund to be paid in fiscal year 2023, per the City Charter. Refer to note 9 for additional discussion.

Grant revenue totaled $87.5 million in fiscal year 2022, $75.7 million higher in comparison to the prior fiscal year. Grants are recognized when the collectability is certain on the eligible expenses that are reimbursable under the specific conditions of the grant programs. The largest driver of the increase was a $56.2 million for the GDBR project.

Factors that May Affect the Department

There is significant competition among North American ports. The Department cannot predict the impact of this competition.

The Port is subject to Federal and State environmental regulations governing ships, trains, trucks, and other operational activities within the Port. Mandated environmental mitigation costs have become a significant portion of the Department's capital and operating budgets.

The coronavirus (COVID-19) pandemic had a significant impact on the global supply chain. It resulted in a surge of imported goods throughout most of fiscal year 2022, which was largely fueled by increased consumer spending on goods versus services. As the effects of the pandemic have eased, cargo volumes have moderated closer to pre-pandemic levels. The Harbor Department cannot predict the impact of this, or any future pandemic could have on goods movement.

In addition, the Department cannot predict what impact ongoing or future contract negotiations with the union that represents the Port's dockworkers will have on cargo volumes, including the potential for labor disruptions.

Notes to Financial Statements

The notes to the Department's financial statements can be found on pages 28-55 of this report. These notes provide additional information that is essential to a full understanding of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances. Questions concerning any of the information provided in this report should be addressed to the Director of Finance, 415 West Ocean Blvd., Long Beach CA 90802. This report and other financial reports can be viewed on the Port's website at www.polb.com under the following path: Business -> Finance -> Annual Comprehensive Financial Reports.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2022

(Dollars in thousands)

Assets and Deferred Outflows

Current assets:		
Pooled cash and cash equivalents (note 2)	$	606,194
Trade accounts receivable, net of allowance (note 3)		65,618
Due from other governmental agencies (note 3)		77,506
Other current assets		6,370
Subtotal		755,688
Restricted funds as to use (Harbor Revenue Bonds and other):		
Restricted pooled cash and cash equivalents (note 2)		28,186
Total current assets		783,874
Noncurrent assets:		
Capital assets (notes 4 and 5):		
Land		1,371,193
Construction in progress		380,251
Right-of-way (note 6)		197,884
Structures and facilities		4,160,043
Furniture, fixtures, and equipment		210,132
Less accumulated depreciation		(2,575,785)
Net capital assets		3,743,718
Other assets:		
Environmental mitigation credits (note 7)		37,463
Investment in joint venture (note 8)		2,187
Other noncurrent assets		24,018
Total other assets		63,668
Total noncurrent assets		3,807,386
Total assets		4,591,260
Deferred outflows of resources (note 17)		45,545
Total assets and deferred outflows of resources	$	4,636,805

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2022

(Dollars in thousands)

Liabilities and Deferred Inflows

Current liabilities payable from current assets:		
Accounts payable and accrued expenses	$	48,434
Due to the City of Long Beach (note 9)		27,527
Compensated absences (note 11)		6,680
Security deposits and unearned revenue		29,610
Liability claims (note 10)		3,750
Total current liabilities payable from current assets		116,001
Current liabilities payable from restricted assets:		
Current portion of bonds indebtedness (notes 11 and 12)		37,090
Current portion of loans payable (notes 11 and 13)		2,240
Accrued interests payable		13,437
Total current liabilities payable from restricted assets		52,767
Total current liabilities		168,768
Long-term obligations net of current portion:		
Bonded indebtedness (notes 11 and 12)		635,997
Loans payable (notes 11 and 13)		496,686
Due to City of Long Beach (note 11)		3,587
Compensated absences (note 11)		13,578
Environmental remediation liability (notes 11 and 16)		5,909
Net pension liability (notes 11 and 15)		132,583
Net OPEB liability (notes 11 and 15)		360
Total noncurrent liabilities		1,288,700
Total liabilities		1,457,468
Deferred inflows on gain on debt refunding (note 17)		2,403
Deferred inflows of resources (note 17)		6,859
Total liabilities and deferred inflows of resources	$	1,466,730
Net position:		
Net investment in capital assets	$	2,531,127
Restricted – capital projects		37,463
Restricted – debt service		14,749
Unrestricted		586,736
Total net position	$	3,170,075

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2022

(Dollars in thousands)

Port operating revenues:		
Berths and special facilities	$	439,096
Rental properties		36,875
Miscellaneous		3,606
Total port operating revenues		479,577
Port operating expenses:		
Personnel services		65,176
Maintenance and operations		62,890
Interdepartmental services		38,430
Total operating expenses before depreciation		166,496
Depreciation		179,771
Total operating expenses		346,267
Income from operations		133,310
Nonoperating revenues, (expenses) net:		
Interest expense		(27,340)
Investment loss, net		(22,517)
Equity in income from joint venture		1,513
Gain on disposal of capital assets		20,546
Discontinued capitalized projects		(2,447)
Other income, net		33,208
Total nonoperating expenses, net		2,963
Income before transfers and grants		136,273
Transfers to City		(26,213)
Transfers to Caltrans		(1,486,204)
Grants		87,496
Decrease in net position		(1,288,648)
Total net position – beginning of year		4,458,723
Total net position – end of year	$	3,170,075

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2022

(Dollars in thousands)

Cash flows from operating activities:		
Cash received from customers	$	481,390
Cash paid to employees		(82,520)
Cash paid to suppliers		(96,310)
Other income		33,208
Net cash provided by operating activities		335,768
Cash flows from noncapital financing activities:		
Transfers to City Tidelands and other funds		(22,728)
Net cash provided by noncapital financing activities		(22,728)
Cash flows from capital and related financing activities:		
Grants received		35,408
Interest paid		(38,040)
Principal payments made on bonds payable		(35,530)
Principal payments made on loans payable		(1,074)
Proceeds from loans		5,000
Payments from line of credit		(50,000)
Payments for capital acquisitions – personnel costs		(11,475)
Payments for capital acquisitions – vendors		(323,431)
Proceeds from sales of assets		12,047
Proceeds from other receivable		6,859
Net cash used in capital and related financing activities		(400,236)
Cash flows from investing activities:		
Interest received		5,432
Change in value of equity in the City's investment pool		(27,943)
Return on investment in joint venture		3,000
Net cash used in investing activities		(19,511)
Net decrease in cash and cash equivalents		(106,707)
Cash and cash equivalents, beginning of year		741,087
Cash and cash equivalents, end of the year	$	634,380
Reconciliation of cash and cash equivalents:		
Unrestricted pooled cash and cash equivalents	$	606,194
Restricted pooled cash and cash equivalents		28,186
	$	634,380

See accompanying notes to financial statements.

(Continued)

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2022

(Dollars in thousands)

Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$	133,310
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation		179,771
Other income		33,208
Changes in assets, liabilities, and deferred outflows and inflows of resources:		
Accounts receivable and prepaid		(1,520)
Accounts payable		(25,543)
Accrued liabilities		3,308
Accrued claims and judgments		3,300
Unearned revenues		8,646
Due to other funds		64
Compensated absences		1,814
Deferred outflows of resources		(29,556)
Net pension liability and related deferred inflows of resources		29,282
Net OPEB liability		(316)
Total adjustments		202,458
Net cash provided by operating activities	$	335,768
Supplemental schedule of noncash capital and financing activities:		
Transfers to Caltrans	$	1,486,204
Accrued capital related liabilities		34,688
Accrued transfers to the City's tidelands fund		23,979
Amortization of bond premium		8,975
Amortization of deferred inflows on debt refunding		1,254
Discontinued capital projects		2,447

See accompanying notes to financial statements

(1) Summary of Significant Accounting Policies

(a) The Reporting Entity

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

The Department, together with the Harbor Department of the City of Los Angeles, formed a joint venture in 1983 to finance the construction of the Intermodal Container Transfer Facility (ICTF). The ICTF venture has been recorded as an investment under the equity method of accounting in the accompanying financial statements.

In 1989, the cities of Los Angeles and Long Beach entered into a Joint Exercise of Powers Agreement to create the Alameda Corridor Transportation Authority (ACTA). This agreement was amended and restated in 1996. The purpose of ACTA was to acquire, construct, finance, and operate the Alameda Corridor. The Alameda Corridor consists of a 20-mile-long rail cargo expressway connecting the ports in San Pedro Bay to the transcontinental rail yards near downtown Los Angeles, and it began operating in April 2004. ACTA prepares its own financial statements and its transactions are not included as part of the Department's financial statements due to the separate legal status. Refer to Note 6 for additional discussion.

(b) Basis of Accounting and Measurement Focus

Disbursement of funds derived from the Department's operations are restricted to Harbor Trust Agreement purposes. The costs of providing port services are recovered entirely through leases, tariffs, and other charges assessed to the Department's tenants. Consistent with U.S. generally accepted accounting principles for enterprise funds, the accounting policies of the Department conform to the accrual basis of accounting. The accompanying financial statements have been prepared using the economic resources measurement focus.

Operating revenue and expenses are generated and incurred through cargo activities performed by port tenants; operating expenses include maintenance of facilities and infrastructure, security, and payments to other City departments for services provided to the Port. Administration and depreciation expenses are also considered operating expenses. Other revenue and expenses not included in the above categories are reported as nonoperating revenues (expenses). The Department applies applicable Governmental Accounting Standards Board (GASB) pronouncements and interpretations.

(c) City of Long Beach Investment Pool

In order to maximize investment return and in accordance with City Charter requirements, the Department pools its available cash with other City funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used as a demand deposit account by participating units. Investment decisions are made by the City Treasurer and approved by a general investment committee, whose membership includes a member of the Department's management.

Interest income and realized and unrealized gains and losses arising from the Pool are apportioned to each participating unit based on their average daily cash balances compared to aggregate pooled cash and investments.

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

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

(d) Cash Equivalents

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

The Department classifies all other investments with maturities of three months or less at the time of purchase as cash equivalents.

(e) Investments

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

(f) Fair Value Measurements

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

The Department categorizes investments reported at fair value within the fair value hierarchy established by generally accepted accounting principles. Refer to note 2 for additional detailed disclosure.

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

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

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

(iii) Level 3: Unobservable inputs

(g) Inventories

Inventories of supplies are valued at cost as the Department does not have inventories held for resale, which would be valued at the lower of average cost or market. Inventory is recorded when purchased and expensed at the time the inventory is consumed. This is reported as other assets in the accompanying financial statements.

(h) Capital Assets

An asset is classified as a capital asset if it is a nonconsumable, tangible item, valued at a single amount greater than $10,000, and with a useful life of more than one year. Capital assets are valued at historical costs. The historical cost of acquiring an asset includes the cost necessarily incurred to bring it to the condition and location necessary for its intended use.

Identifiable intangible assets are recognized as such if they are separable or when they arise from contractual or other legal right, regardless of whether those rights are transferable or separable from the entity, or from other rights and obligations.

Depreciation is determined using the straight-line method with no allowance for salvage values. Estimated useful lives used in the computation of depreciation of capital assets are as follows:

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

(i) Leases

GASB No. 87 requires recognition of certain lease assets for long-term leases as inflows of resources based on the payment provisions of the lease agreement and the lease receivable. The net present value of future minimum lease payments over the lease term, using a discount rate based on the stated rate of the lease or the municipal borrowing rate of the City, will be recorded as lease receivable and deferred inflow of resources for the effective lease term. A schedule of periodic amortization amounts of the discounted receivable, related interest revenue, and deferred inflows of resources are recognized over the term of the lease. Lease receivable will be re-measured when there are lease term modifications or terminations, and the related deferred inflow of resources will be adjusted to include as a gain or loss for the difference.

Port as Lessor

The Port’s lease revenue and lease receivable are principally generated from the marine terminal leases. These are regulated leases that provide for preferential area assignments or non-exclusive right-to-use of the premises, at all times subject to federal, state, regional and municipal laws, ordinances and regulations (e.g., including but not limited to States Lands Commission and Federal Maritime Commission); and specific lease terms that include an adherence to a schedule or tariff of all rates, charges, regulations and practices, of the type contained in Tariff No. 4 published in compliance with the regulations of the U.S. Federal Maritime Commission. Other short-term leases such as revocable permits and area assignments are cancelable on a period of 30-180 days based upon notice provided by either party. These type of leases are not within the scope of GASB Statement No. 87 evaluation for adoption.

(j) Investment in Joint Venture

The investment in ICTF is accounted for using the equity method. The amount realized by the Department is proportional to the reported value and is based on the Department's share of ICTF. The reported profit is proportional to the size of the equity investment.

(k) Compensated Absences

The Department records all accrued employee benefits, including accumulated sick leave and vacation, as a liability in the period when the benefits are earned. Accrued employee benefits are classified into current and noncurrent liability for financial statement presentation. The current liability is calculated based on a five years average of vacation taken or used annually.

(l) Transfers to the City Tidelands Operating Fund

City Charter Chapter XII, Section 1209 (c) (4), as amended, provides for the transfer of a maximum of 5% of Harbor Department operating revenue. The City Charter provides that the City Council, by a 2/3 vote expressed by resolution, may request the transfer to meet the lawful obligations of the Tidelands Operations Fund. The provision requires a majority vote of the Board of Harbor Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations.

(m) Net Position

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

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

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

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

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

(n) Revenue Recognition

The Department recognizes revenue when earned on an accrual basis based upon measurable information. Rents, tariffs, or other miscellaneous receipts that are received in advance of earnings are recorded as unearned revenue until earned.

Federal or state grants are considered as nonoperating revenue identified as grants in the statement of revenue, expenses, and changes in net position. Grants are recognized when the collectability is certain on the eligible expenses that are reimbursable under the specific conditions of the grant programs. Operating revenue or grant funds that have been received but not earned are identified as unearned revenue in the statement of net position.

(o) Allowance for Doubtful Accounts

The allowance for doubtful accounts (allowance) is estimated at a level to absorb expected accounts receivable losses. The allowance is established to reflect the amount of the Department's receivables that management estimates will be uncollectible.

The allowance is set at the greater of (1) one half of one percent (0.5%) of actual annual operating revenues or (2) the sum of 75% of aged receivable amounts over 120 days delinquent, plus 50% of amounts over 90 days delinquent, plus 25% of amounts over 60 days delinquent, plus 10% of amounts over 30 days delinquent.

In addition, management reviews the adequacy of the allowance on a monthly basis by reviewing the aging report and assesses whether any further adjustment is necessary. To determine uncollectible amounts, the Department's Finance Division reviews all delinquent accounts in August of each year. Amounts deemed uncollectible are written off.

(p) Pension Plan and Postretirement Benefits

All full-time Department employees are members of the City's Miscellaneous Plan. The Department's policy is to fund all pension costs accrued. The costs to be funded are determined annually as of October 1 and are incorporated into the payroll burden rate to reimburse the City's Employee Benefits Internal Service Fund for contributions made on behalf of Department employees (see note 15(a)).

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous Plan and additions to/deductions from Miscellaneous Plan's fiduciary net position have been determined on the same basis as they are reported by the Miscellaneous Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The Plan provides access to health, dental and long-term care insurance for retirees and their dependents at active employee rates as long as (a) that employee participated in a City provided insurance program of that type (PPO or HMO) during the year immediately preceding retirement (b) has not attained the eligibility age for Medicare payment, and (c) has attained the minimum retirement age for the employee's retirement plan Benefits are administered through a third-party provider.

(q) Use of Estimates

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

(r) Recent Accounting Pronouncements

GASB Statement No. 87, *Leases*: issued in June 2017, effective for reporting periods beginning after June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This statement has been evaluated in fiscal year 2022, and it has no material impact on the Department's financial statements. Refer to note 5 for additional discussion related to regulated leases.

GASB Statement No. 91, *Conduit Debt Obligations*: issued in May 2019, effective for reporting periods beginning after December, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 92, *Omnibus 2020*: issued in January 2020, effective for reporting periods beginning after June 15, 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting by addressing practice issues identified from the implementation and application of certain GASB statements. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, effective for reporting periods beginning after December 31, 2021. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2022. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, effective for reporting periods beginning after June 15, 2023. The objectives of this statement are to establish definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and provide specific guidance on accounting and financial reporting for PPPs and APAs transactions. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* issued in May 2020, effective for fiscal years beginning after June 15, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBIT; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The statement is effective beginning fiscal year 2023, and the Department is currently evaluating the financial impact of this statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* issued in June 2020, effective for fiscal years beginning after June 15, 2022. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department’s financial statements.

GASB Statement No. 99, Omnibus 2022: issued in April 2022, effective dates vary depending on the requirements. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Department is currently evaluating the financial impact of this statement.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62: issued in June 2022, effective for fiscal years beginning after June 15, 2023. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement is effective beginning fiscal year 2024, and the Department is currently evaluating the financial impact of this statement.

GASB Statement No. 101, Compensated Absences: issued in June 2022, effective for fiscal years beginning after December 15, 2023. This statement aligns the recognition and measurement criteria for compensated absences into a unified model of guidance. In addition, the statement amends the disclosure requirements for compensated absences to allow governments to disclose only the net change in the liability for compensated absences. Governments are also no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Early application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2022.

(2) Cash, Cash Equivalents, and Other Investments

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

	Unrestricted	Restricted	Total
Equity in the City's investment pool	$ 606,194	28,186	634,380

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

As of September 30, 2022, the City's majority investment pool has a weighted average maturity of two years or less. At September 30, 2022, the Department had $634.4 million equity in the pool, representing approximately 33.8% of the pool. The following are the actual ratings as of September 30, 2022 for each investment type (in thousands):

		Rating as of year end				
Investment type	Minimum legal rating	Total	A-/A/A+	AA-/AA/AA+	AAA	Unrated
Pooled cash and investments:						
Money market mutual funds	N/A	$ 2,135	—	2,135	—	—
U.S. Treasury notes	N/A	1,439,760	—	—	1,439,760	—
Federal agency securities	N/A	286,332	—	286,332	—	—
Corporate notes	N/A	78,577	50,986	24,184	3,407	—
LAIF	N/A	72,475	—	—	—	72,475
Total pooled investments		$ 1,879,279	50,986	312,651	1,443,167	72,475

Fair Value Hierarchy

The following table categorizes the City's pooled investments within the fair value hierarchy (in thousands):

Investments at fair value level		Total		Fair value measurement Level 1	Level 2	Level 3
Debt securities:						
U.S. Treasury notes	$	1,439,760		—	1,439,760	—
Federal agency securities		286,332		—	286,332	—
Corporate notes		78,577		—	78,577	—
Total investments at fair value		1,804,669	$	—	1,804,669	—
Other investments at fair value:						
Local Agency Investment Fund (LAIF)		72,475				
Other investments at cost or contract value:						
Money market mutual funds		2,135				
Total investments	$	1,879,279				

(3) Accounts Receivable and Other Receivables

Accounts receivable as of September 30, 2022, included the following (expressed in thousands):

Trade accounts receivable	$	68,088
Less allowance for doubtful accounts		(2,470)
Accounts receivable, net	$	65,618

Other receivables as of September 30, 2022 included the following (expressed in thousands):

Due from other governmental agencies:		
Federal and state grants	$	77,506
Total due from other governmental agencies	$	77,506

The due from other governmental agencies is related to the grant programs from various governmental agencies, which include, but are not limited to: The Federal Highway Bridge Program; the Trade Corridor Improvement Program; and the Port Security Grant Program. Funds from these grant programs are available to the Department on a reimbursement basis. Most of these programs require a contribution from the Department.

(4) Capital Assets

Capital assets' schedule as of September 30, 2022 is as follows: (expressed in thousands):

Description		Balance, October 1, 2021	Additions	Adjustments/ disposals	Placed in service	Balance, September 30, 2022
Nondepreciable capital assets:						
Purchased land	$	524,416	65,504	(8,007)	—	581,913
Constructed land		789,280	—	—	—	789,280
Construction in progress		441,539	159,570	(4,923)	(215,935)	380,251
Right of way (note 6)		197,884	—	—	—	197,884
Subtotal		1,953,119	225,074	(12,930)	(215,935)	1,949,328
Depreciable capital assets:						
Structures and facilities		5,489,895	—	(1,532,535)	202,683	4,160,043
Furniture, fixtures, and equipment		196,718	900	(738)	13,252	210,132
Subtotal		5,686,613	900	(1,533,273)	215,935	4,370,175
Total capital assets		7,639,732	225,974	(1,546,203)	—	6,319,503
Less accumulated depreciation:						
Structures and facilities		2,338,876	170,558	(45,525)	—	2,463,909
Furniture, fixtures, and equipment		103,281	9,213	(618)	—	111,876
		2,442,157	179,771	(46,143)	—	2,575,785
Net capital assets	$	5,197,575	46,203	(1,500,060)	—	3,743,718

Construction in progress at September 30, 2022 includes the following projects (in thousands):

Pier B On-Dock Rail Program	$	104,515
All other programs and projects		275,736
Total	$	380,251

During the year ended September 30, 2022, $4.9 million of Construction in Progress was written off, of which $2.4 million was due to discontinued projects.

(5) Leases

Port as Lessor

The major portion of the Port's property is leased to others. Such property includes marine terminal land and facilities, plus special-purpose facilities. Marine terminal facilities are leased typically under long-term agreements that provide the tenants with preferential but not exclusive use of the facilities. Most leases relate to shipping services based upon tenants' usage of the facilities, measuring by their annual revenue or volume activities. The leases and the preferential assignments generally provide for a guarantee annual minimum (GAM) charge to the tenant.

Property under lease at September 30, 2022 consisted of the following (expressed in thousands):

Land	$	851,587
Structures and facilities:		
Docks and wharves		826,275
Warehouses and sheds		24,416
Cranes and shiploaders		70,602
Buildings and other facilities		1,020,029
Infrastructure		1,838,473
Historical cost of leased property		4,631,382
Less accumulated depreciation		(2,342,600)
Carrying value of leased property	$	2,288,782

Regulated Leases

The Port's marine terminal leases are considered regulated leases, at all times subject to federal, state, regional and municipal laws, ordinances and regulations (e.g., including but not limited to States Lands Commission and Federal Maritime Commission). As such these leases are not within the scope of GASB Statement No. 87 evaluation.

Operating revenues for these regulated leases was $425.0 million, a $28.2 million over the GAM amount of $396.8 million for the year ended September 30, 2022. Assuming these regulated leases will perform throughout their contractual terms, the expected future GAM of lease payments under the current terms is as follows (expressed in thousands):

2023	$	397,655
2024		403,749
2025		398,082
2026		391,869
2027		339,029
2028–2032		1,078,643
2033–2037		1,012,841
2038–2042		939,713
2043 and thereafter		1,081,971
	$	6,043,552

(6) Right-of-Way Purchase

Alameda Corridor Transportation Authority (ACTA)

In December 1994, the Department and the Harbor Department of the City of Los Angeles (Port of Los Angeles), executed the purchase of the rights of way needed for the development of the Alameda Corridor Project (the Project), which is a comprehensive transportation corridor between the Ports and the central

Los Angeles area. The Ports purchased these rights, sharing the cost on a 50/50 basis, from the three railroad companies then serving the Ports: Union Pacific Railroad Company (Union Pacific), Southern Pacific Railroad Company (Southern Pacific), and Atchison, Topeka and Santa Fe Railroad companies (Atchison, Topeka and Santa Fe). After the purchase, (Atchison, Topeka and Santa Fe) merged with Burlington Northern becoming Burlington Northern Santa Fe; Union Pacific merged with Southern Pacific.

The total purchase involved the right-of-way property from the three former railroad companies and a drill track from Southern Pacific to provide an additional right of way to access local businesses along the Project. Construction of the Project began in 1997 and was completed in April 2002. Funding for the Project came from federal, state, and local sources, and the issuance of debt. By the end of fiscal 2003, the Department had paid a total of $207.0 million for its share related to this right-of-way purchase.

In the future, when ACTA is able and entitled to distribute income or make equity distributions, the Ports shall share such income and equity distributions equally. Refer to note 10 for additional discussion related to the guarantee the Department has made related to the ACTA.

(7) Environmental Mitigation Credits

The Bolsa Chica Mitigation Agreement of 1996 established a “Project for Wetland Acquisition and Restoration at the Bolsa Chica Lowlands in Orange County, California, for the purpose, among others, of Compensating for Marine Habitat Losses Incurred by the Port Development Landfills within the Harbor Districts of the cities of Los Angeles and Long Beach, California.”

In exchange for contributions that the Ports made to restore Bolsa Chica Lowlands, the Bolsa Chica Mitigation Agreement granted the Ports mitigation credits that the Ports may use when they undertake landfill as part of port developments. The agreement established a ratio between the number of mitigation credits to be used and the number of acres to be developed based on whether development occurred within the inner or outer harbors. The agreement established that Bolsa Chica mitigation credits could be used by the Ports at one credit for each acre of outer harbor landfill and in accordance with Section 15(a), that “…inner harbor landfills shall be debited from this account at half the rate of outer harbor landfills…” Section 15(a) of the Bolsa Chica Mitigation Agreement also provided that the inner and outer harbor boundaries could be adjusted based on biological surveys.

The Department contributed a total of $50.8 million to federal and state regulatory agencies, $39.4 million in fiscal year 1997 and $11.4 million in fiscal 2006, to secure environmental mitigation credits that would allow the Department to complete landfill projects within its harbor. The cost incurred in the acquisition of the environmental credits has been classified as a noncurrent asset. The balance of environmental mitigation credits will get adjusted as landfill credits are used for the Port’s development.

As of September 30, 2022, the Department has utilized a total of $13.3 million of environmental credits for completed landfill as part of capital projects within the port boundaries to date, of which $280 thousand was incurred in fiscal year 2022. No environmental credit has been acquired in fiscal year 2022. The existing $37.5 million or 224 credits will be used in future projects.

(8) Investment in Joint Venture

Intermodal Container Transfer Facility (ICTF)

The Department and the Port of Los Angeles (POLA) entered into a joint powers agreement to form the ICTF Joint Powers Authority for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. The facility, which began operations in December 1986, was developed and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues to operate as Union Pacific Corporation. The Department appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. The Department and POLA share income and equity distributions equally.

The ICTF's operations are financed from lease revenue from ICTF activities. The Department's share of the ICTF's net position as of September 30, 2022 totaled $2.2 million.

(9) Transfers to the City Tidelands Operating Fund

City Charter Chapter XII, Section 1209 (c)(4), as amended, provides for the transfer of a maximum of 5% of Harbor Department's operating revenue. The City Charter provides that the City Council, by a two-third vote expressed by Resolution, may request the transfer to meet the lawful obligations of the Tidelands Operations Fund. The provision requires a majority vote of the Board of Harbor Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department's operations. During fiscal year 2022, the Department accrued $24.0 million as transfers due to the City Tidelands Operating Fund, to be paid in the following fiscal year.

(10) Commitments and Contingencies

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

Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. Based on an opinion from legal counsel, the Department reserved a litigation claim liability of $3.8 million for fiscal year 2022, most of which is related to construction claims and recorded as component of accrued expenses.

Contract commitments and purchase orders, mostly related to capital projects, for which materials or services were not received at September 30, 2022 aggregated $27.1 million.

In September of 2019, the Department entered into a nonoperating Memorandum of Understanding (MOU) with the City of Long Beach Public Works Department to purchase 19.7 mitigation credits from the Colorado Lagoon Restoration project for a total of $26.3 million, of which $1.5 million has already been advanced to the City. The remaining funds of $30.7 million will be paid to the City as reimbursement for actual cost incurred per the MOU terms from fiscal year 2020 through 2023. As of September 30, 2022, the MOU amount remains unchanged.

(a) Risk Management

The Department currently carries an all-risk property insurance program covering loss or damage by fire and other risks (excluding earthquake and flood) with a loss limit of $1.0 billion in aggregate. The coverage also includes terrorism exposure.

(i) Construction Related

The department is not currently carrying a “Master Builder’s Risk” policy as it does not have current projects that would require it. The program will be renewed as risk arises. The coverage limit for each construction projects that would be placed in this program would be equivalent to the contract’s price. Exclusive of Earthquake coverage the maximum per project amount would be $125.0 million, but could be increased as needed with underwriter approval.

(ii) General Liability

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

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

The following is a summary of insurance coverage for the Department as of September 30, 2022 (in thousands):

Property insurance coverage for fire and other risks	$	1,000,000
Property insurance coverage for new Gerald Desmond Bridge		200,000
Comprehensive general liability		150,000
Self-insured retention		1,000

The Port has a provision that requires tenants, contractors, and vendors to carry various types and levels of insurance, including general liability insurance on leased premises. The insurance must include coverage for bodily injury and property damage liabilities, and name of the City, its Board of Harbor Commissioners, and the Department’s officers and employees as additional insured. This provision helps the Port in mitigating its insurance liabilities.

(iii) Workers Compensation

The Department participates in the City’s self-insured workers’ compensation program. During fiscal years 2022, it made payments to the City’s Insurance Fund totaling $2.2 million for permanent and temporary Department employees. Amounts in the City's Insurance Fund are accumulated to meet losses as they arise.

(b) Potential Obligations Related to the ACTA

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

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

Prior to April 1 of each year, ACTA is required to provide a Notice of Estimated Shortfall Advances and Reserve Account Funding (the Notice); estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. It is anticipated that there will be differences between estimates and actual results; the differences may be material.

In 2011 and 2012, the Department funded Shortfall Advances of $2.95 million each year. The balance reimbursable by ACTA of $5.9 million, recorded under "other noncurrent assets", the previously paid Shortfall Advances remained unchanged as of September 30, 2022. Shortfall Advances made by the Department and the POLA are reimbursable, with interest, upon ACTA's ability to pay, which is undefined in the near term.

The most recent notice date, August 24, 2022, indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2023.

(c) Gerald Desmond Bridge Replacement Project (GDBR Project)

The new Gerald Desmond Bridge Replacement (Long Beach International Gateway Bridge) has been completed and transferred to the California Department of Transportation (Caltrans) as a component of the state highway system on March 2022. The Department has an agreement with Caltrans for maintenance costs of the new GDBR for a 30 year period commencing on the date of the ownership transfer to Caltrans.

The demolition phase on the old bridge started in 2022 and is estimated to be completed in 2024. The old bridge's main span has been removed, and other remaining structures (approaches, supports, pavement, etc.) are underway. The demolition budget is $59.9 million, and the Department has incurred approximately $25.1 million as of September 30, 2022.

(11) Long-Term Liabilities

Schedule of Changes in Long-term Liabilities (In thousands)

Description		Balance, October 1, 2021	Additions	Reductions	Balance, September 30, 2022	Due in one year
Revenue bonds	$	628,805	—	35,530	593,275	37,090
Premium		88,787	—	8,975	79,812	—
Total revenue bonds		717,592	—	44,505	673,087	37,090
TIFIA loan		495,000	5,000	1,074	498,926	2,240
Line of credit		50,000	—	50,000	—	—
Compensated absences		18,445	1,967	154	20,258	6,680
Net pension liability		60,174	132,583	60,174	132,583	—
Net OPEB liability		675	—	315	360	—
Environmental remediation liability		2,600	3,309	—	5,909	—
Due to City of Long Beach		4,087	—	500	3,587	—
Total long-term liability	$	1,348,573	142,859	156,722	1,334,710	46,010

Senior Bonds are secured by and payable solely from revenues of the Harbor Department pledged under the Senior Resolution, and are not a debt of the City. Upon the occurrence and continuation of an event of default under the Senior Resolution, the bond owners, credit facility provider, a liquidity facility provider or any other party do not have the right to accelerate the payment of principal of and interest on the bonds outstanding. Subordinate Obligations are secured by and payable solely from revenues of the Harbor Department pledged under the Subordinate Resolution (subject to the prior pledge to the Senior Bonds), and are not a debt of the City. Pursuant to Section 10.02 of the Subordinate Resolution, except as otherwise permitted in the Subordinate Resolution or a supplemental resolution, upon the occurrence and continuation of an event of default under the Subordinate Resolution, the holders, a credit facility provider, a liquidity facility provider or any other party do not have the right to accelerate the payment of principal of and interest on the Subordinate Obligations outstanding.

(12) Bonds Senior Indebtedness

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

Description	Date of issue	Interest rate	Fiscal term and maturity year	Original principal	Beginning balance October 1, 2021	Additions	Payments *	Ending balance September 30, 2022	Principal due within one year
Revenue bonds:									
2014B	4/24/2014	— %	2018–27	$ 20,570	11,700	—	—	11,700	7,650
2015A	4/16/2015	—	2018–23	44,845	21,430	—	14,390	7,040	7,040
2015B	4/16/2015	—	2023–25	20,130	20,130	—	—	20,130	9,775
2015C	7/15/2015	—	2026–32	66,085	66,085	—	—	66,085	—
2015D	7/15/2015	—	2033–42	66,865	66,865	—	—	66,865	—
2017A	6/28/2017	—	2026–40	101,610	101,610	—	—	101,610	—
2017B	6/28/2017	—	2041–43	25,985	25,985	—	—	25,985	—
2017C	6/28/2017	—	2043–47	42,660	42,660	—	—	42,660	—
2019A	7/11/2019	—	2026–49	161,310	161,310	—	—	161,310	—
2020A	2/19/2020	—	2024–27	55,725	55,725	—	—	55,725	—
2020B	2/19/2020	—	2021–24	74,940	55,305	—	21,140	34,165	12,625
Total bonds				$ 680,725	628,805	—	35,530	593,275	37,090
Unamortized bond premium					88,787	—	8,975	79,812	—
Net total bonds indebtedness					$ 717,592	—	44,505	673,087	37,090

* Bonds' principal payable is annually on May 15, and interest payable is semiannually on May 15 and November 15.

Annual Debt Service Requirements to Maturity – All Bonded Debt (excluding Bond Anticipated Notes)

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

	Principal	Interest	Total
Fiscal year(s) ending September 30:			
2023	$ 37,090	29,493	66,583
2024	38,945	27,639	66,584
2025	32,000	25,786	57,786
2026	33,525	24,262	57,787
2027	30,050	22,586	52,636
2028-2032	86,900	97,093	183,993
2033-2037	90,615	75,094	165,709
2038-2042	115,775	50,019	165,794
2043 and thereafter	128,375	22,898	151,273
	$ 593,275	374,870	968,145

The Department has pledged operating revenues to repay all bonds. The bonds were issued to finance either redevelopment activities within various project areas or to refinance existing debt that was originally issued for the same purpose.

Details of each outstanding debt issue are as follows:

(a) 2014B Harbor Revenue Refunding Bonds

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

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

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred inflow of resources.

(b) 2015A Harbor Revenue Refunding Bonds

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

The 2015A Bonds are not redeemable prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred inflow of resources.

(c) 2015B Harbor Revenue Refunding Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2015B (the 2015B Bonds) are secured by the Department’s gross revenue. The 2015B Bonds, dated April 16, 2015, amounting to $20.1 million, were issued in conjunction with the 2015A Bonds described above and other available money to (a) current refund and/or defeased all or a portion of the Series 2005 Senior Bonds, and

(b) pay the costs of issuing the 2015 Bonds. Even though this refunding resulted in an increase of $0.8 million in the total of debt service payments over the next 10 years, it resulted in an economic gain of $1.7 million.

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

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred inflow of resources.

(d) 2015C Harbor Revenue Bonds

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

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

(e) 2015D Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2015D (the 2015D Bonds) are secured by the Department's gross revenue. The 2015D Bonds, dated July 15, 2015, amounting to $66.8 million were issued in conjunction with the 2015C Bonds (the Series 2015 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to, the Series 2015 Projects, and/or repaying all or a portion of the outstanding Series A Subordinate Obligations and Series B Subordinate Obligations and (b) paying the financing costs and the costs of issuing the Series 2015 Senior Revenue Bond.

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

(f) 2017A Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2017A (the 2017A Bonds) are secured by the Department's gross revenue. The 2017A Bonds, dated June 28, 2017, amounting to $101.6 million were issued in conjunction with the 2017B and 2017C Bonds (the Series 2017 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to, the

Series 2017 Projects, and (b) pay the financing costs and the costs of issuing the Series 2017 Senior Revenue Bond.

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

(g) 2017B Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2017B (the 2017B Green Bonds) are secured by the Department's gross revenue. The 2017B Bonds, dated June 28, 2017, amounting to $26.0 million were issued in conjunction with the 2017A and 2017C Bonds (the Series 2017 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to, the Series 2017B Green Projects, and (b) pay the financing costs and the costs of issuing the Series 2017 Senior Revenue Bond.

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

(h) 2017C Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Senior Bonds Series 2017C (the 2017C Bonds) are secured by the Department's gross revenue. The 2017C Bonds, dated June 28, 2017, amounting to $42.7 million were issued in conjunction with the 2017A and 2017B Bonds (the Series 2017 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to, Series 2017 Projects, (b) repay all of the outstanding Series B Subordinate Revolving Obligations, and (c) pay the financing costs and the costs of issuing the Series 2017 Senior Revenue Bond.

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

(i) 2019A Harbor Revenue Bonds

The City of Long Beach Harbor Revenue Bonds Series 2019A (the 2019A Bonds) are secured by the Department's gross revenue. The 2019A Bonds, dated July 11, 2019, amounting to $161.3 million were issued to provide funds to (a) pay and/or reimburse the Harbor Department for the costs of the design and construction of the new headquarters building for the Harbor Department, and (b) pay the costs of issuing the Series 2019A Bonds.

The 2019A Bonds maturing on or before May 15, 2029 are not subject to redemption prior to maturity. The 2019A Bonds maturing on or after May 15, 2030 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2029, at a redemption price equal to 100% of the principal amount of the 2019A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

(j) 2020A Harbor Revenue Refunding Bonds

The City of Long Beach Revenue Refunding Bonds Series 2020A (the 2020A Bonds) are secured by the Department's gross revenue. The 2020A Bonds, dated February 19, 2020, amounting to $55.7 million were issued to refund and defease all of the City's Harbor Revenue Bonds Series 2010A and Series 2010B, and to pay the costs of issuing the 2020A Bonds. The sources contributed to reducing principal balance are $20.0 million of the 2010A reserve fund, $10.8 million in principal payment, and $12.1 million in issue premium. This refunding was undertaken to reduce total debt service payments over the next 7 years by $41.2 million with an economic gain of $9.8 million.

The 2020A Bonds are not subject to redemption prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred outflow of resources.

(k) 2020B Harbor Revenue Refunding Bonds

The City of Long Beach Revenue Refunding Bonds Series 2020B (the 2020B Bonds) are secured by the Department's gross revenue. The 2020B Bonds, dated February 19, 2020, amounting to $74.9 million were issued to refund and defease all of the City's Harbor Revenue Bonds Series 2010A and Series 2010B, and to pay the costs of issuing the 2020B Bonds. The sources contributed to reducing principal balance are $16.5 million of the 2010A reserve fund, $12.1 million in principal payment, and $7.0 million in issue premium. This refunding was undertaken to reduce total debt service payments over the next 4 years by $45.5 million with an economic gain of $12.8 million.

The 2020B Bonds are not subject to redemption prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred outflow of resources.

(13) TIFIA Loan Subordinate Indebtedness

On May 2020, the Port entered into a new TIFIA loan agreement (the 2021 TIFIA Loan) for an approved amount up to $500.0 million. Under the 2021 TIFIA Loan, the USDOT will allow the Department to borrow up to $500.0 million, provided the amount so borrowed will be used to finance and refinance the costs related to the replacement of the Gerald Desmond Bridge. The loan is secured by a subordinate lien on the Port's gross revenue. The loan agreement defines the permissible period for the drawdown of funds to be within the one year after substantial completion of the replacement bridge that was retroactively declared in December of 2020. As of September 30, 2022, the Department has made three draws on the TIFIA Loan in the total amounted to $500.0 million which represents the outstanding loan balance. The drawn TIFIA Loan will be repaid over a period not to exceed 35 years at an interest rate of 1.26%.

Annual Debt Service Requirements to Maturity – TIFIA Loan

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

		Principal	Interest	Total
Fiscal year(s) ending September 30:				
2023	$	2,240	6,286	8,526
2024		2,350	6,267	8,617
2025		2,415	6,220	8,635
2026		2,500	6,198	8,698
2027		2,565	6,167	8,732
2028-2032		14,330	30,331	44,661
2033-2037		28,356	29,278	57,634
2038-2042		52,171	26,713	78,884
2043 and thereafter		391,999	40,307	432,306
	$	498,926	157,767	656,693

(14) Lines of Credit

On April 14, 2022, the Board of Harbor Commissioners approved the renewal of the revolving line of credit provided by MUFG Union Bank, N.A. in an aggregate principal amount not to exceed $250.0 million. On December 2022, this revolving credit agreement is assumed by U.S. Bancorp through its acquisition of MUFG Union Bank, N.A. The tax exempt and taxable interest rates under this agreement is based on the rate equal to the secured overnight financing rate (SOFR) as administered by the Federal Reserve Bank of New York. The purpose of this line of credit is to provide more flexibility to access unrestricted funds when the Department has a need.

As of September 30, 2022, the Department has no outstanding balance under this revolving line of credit.

(15) Retirement Program

(a) Pension Plan

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

The City contributes to the CalPERS agent multiple-employer defined benefit pension plan. The City is considered the employer and the Department is a department of the City. The Department's employees are enrolled in the City Miscellaneous Plan. CalPERS provides retirement benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. All City departments are considered collectively to be a single employer, and the actuarial present value of vested and nonvested accumulated plan benefits attributable to the Department's employees is determined as the Department's percentage of the City as a single employer. Similarly, the net assets available for benefits of Department employees is determined as the Department's percentage of the City's net assets. CalPERS issues publicly available reports that include a full description of the pension plans, including benefit provisions, assumptions and membership information. All qualified permanent employees of the Department are eligible to participate in the Miscellaneous Plan. The reports can be found on the CalPERS website.

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

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

The Miscellaneous Plan's provisions and benefits in effect at September 30, 2022, are summarized in the following table:

	Miscellaneous		
Hire date	**Prior to October 1, 2006**	**On or after October 1, 2006 and prior to January 1, 2013**	**On or after January 1, 2013**
Benefit formula	2.7% at 55	2.5% at 55	2.0% at 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50–55	50–55	52–62
	Required contribution rates		
Employee	8.0 %	8.0 %	6.5 %
Employer	30.580 %	30.580 %	30.580 %
	Percentage of eligible compensation		
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%

(ii) *Allocation Methodology*

The City used a calculated percentage based on the Department's share of contribution to the City's total contribution amounts for each plan, to provide the Department's net pension liability and related GASB 68 accounting elements. The Department's proportionate share totaled 18.9% as of September 30, 2022.

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

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the plan's fiduciary net position. Net pension liability is measured as of June 30, 2022 (measurement date). The Department's share of the net pension liability for the Miscellaneous Plan was $60.2 million at the beginning of the period and $132.6 million at June 30, 2022. For the measurement period ending June 30, 2020, the Department incurred pension expense of $14.6 million.

As of September 30, 2022, the Department had deferred outflows and deferred inflows related to pensions as follows (in thousands):

Deferred outflows of resources:		
Pension contributions after measurement date	$	12,058
CalPERS difference between actual and expected investment returns		22,613
CalPERS change in assumptions		7,886
CalPERS change in proportion		1,541
Total deferred outflows of resources	$	44,098
Deferred inflows of resources:		
CalPERS difference between actual and expected investment returns	$	—
CalPERS differences between actual and expected experience		(2,921)
CalPERS change in proportion		(881)
Total deferred inflows of resources	$	(3,802)

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

Measurement period ending June 30		Total
2023	$	6,744
2024		5,622
2025		1,911
2026		13,962
Total	$	28,239

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

A summary of principal assumptions and methods used to determine the net pension liability as of September 30, 2022 is as follows:

	Miscellaneous
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	6.90 %
Inflation	2.30 %
Projected salary increase	Varies by entry age and service
Mortality *	Derived using CalPERS' membership data for all funds

* The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset class [1]	Assumed asset allocation	Real return [1]
Global Equity – Cap-Weighted	30.00 %	5.00 %
Global Equity – Non-Cap-Weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)

1 An expected inflation of 2.30% used for this period.

2 Figures are based on the 2021 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the Department as of the measurement date, calculated using the discount rate of 6.90%, compared to a discount rate that is 1.0% age point lower (5.90%) or 1.0% age point higher (7.90%). Amounts shown below are in thousands:

Sensitivity to net pension liability		
1.0% Decrease (5.90%)	$	207,338
Current discount rate (6.90%)		132,583
1.0% Increase (7.90%)		70,881

(b) Termination Benefits

As of September 30, 2022, the City has recorded a liability in the Employee Benefits Internal Service Fund of $137 million, based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16). The liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees.

The $137 million long-term portion of the liability is being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds.

For the years ended September 30, 2022, the Department has recorded noncurrent liabilities totaling $11.8 million, which represents the Department's share of these liabilities.

(c) Deferred Compensation Plan

The City offers its employees the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457 allowing them to defer or postpone receipt of income. Amounts deferred may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue financial hardship for the employee. Further information regarding the City's deferred compensation plan may be found in the City's Annual Comprehensive Financial Report for the year ended September 30, 2022.

(16) Environmental Remediation Obligation

The Department identified an environmentally sensitive materials in a warehouse as a result of a hazardous building materials survey in 2017. The current remediation cost estimate is $5.9 million as of September 30, 2022. This warehouse has a net book value of zero and there is no reasonable expectation of any recovery associated with these remediation efforts.

(17) Deferred Outflows/Inflows of Resources

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

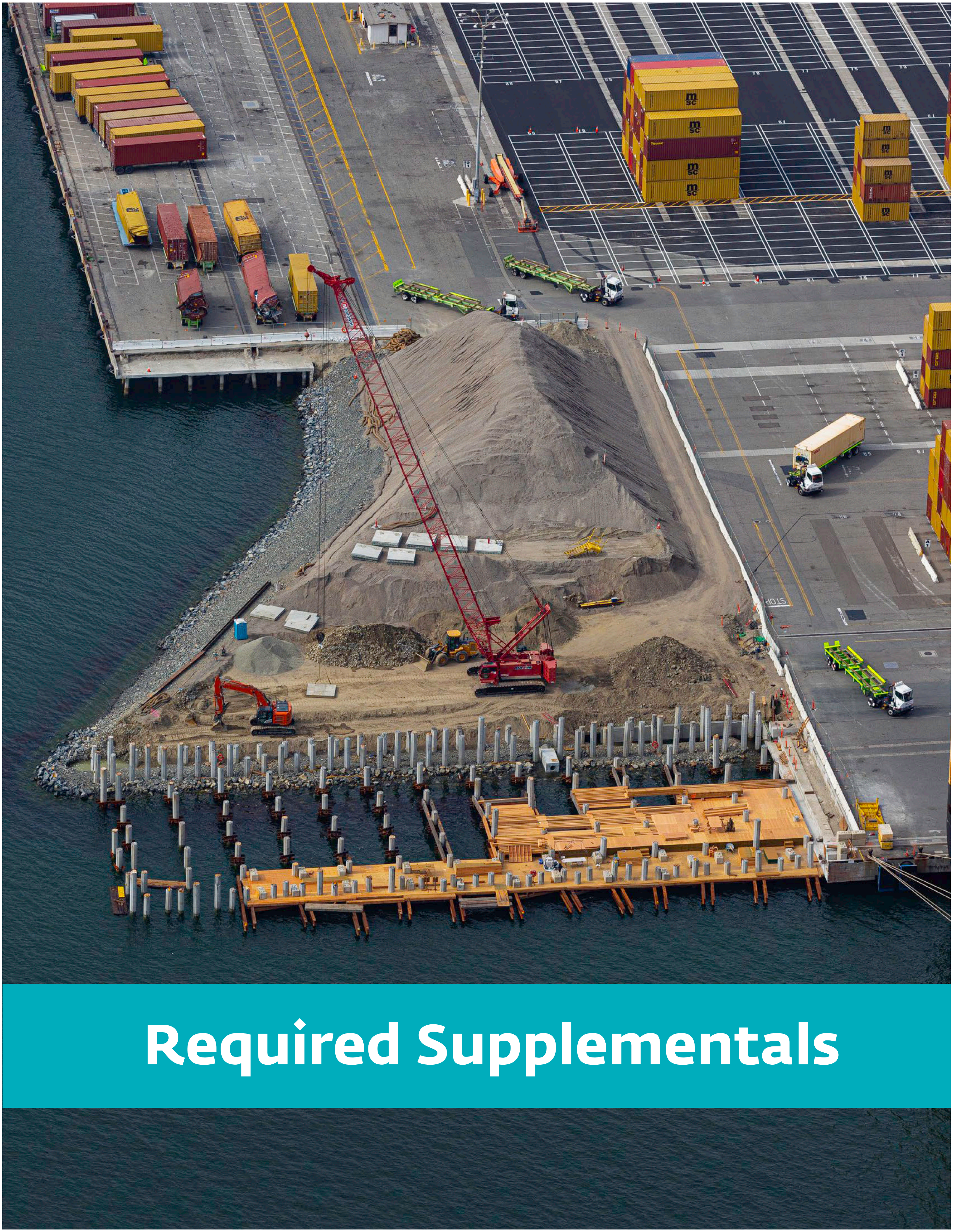
The schedule of deferrals as of September 30, 2022 is as follows (expressed in thousands):

Deferred outflows of resources:		
Pension related deferred outflows	$	44,098
OPEB related deferred outflows		654
Change in OPEB allocated proportion		793
Total deferred outflows of resources	$	45,545
Deferred inflows of resources:		
Gain on debt refunding	$	2,403
Pension related deferred inflows		3,802
OPEB related deferred inflows		2,978
Change in OPEB allocated proportion		79
Total deferred inflows of resources	$	9,262

(Continued)

(18) Subsequent Events

Subsequent events have been evaluated through March 27, 2023, which corresponds to the date when the financial statements were available to be issued. There are no subsequent events that require disclosure.



Required Supplementals

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Pension Liability and Related Ratios[1]

September 30, 2022

Last 10 Years[1]

(Dollars in thousands)

(Unaudited)

		2022	2021	2020	2019	2018	2017	2016
Department's percentage of total City pension liability		18.9 %	19.1 %	18.4 %	18.3 %	18.7 %	19.2 %	20.9 %
Department's total pension liability	$	132,583	60,174	121,539	113,611	110,982	129,893	124,170
Department covered-employee payroll		57,024	54,483	46,826	47,718	45,236	48,381	47,203
Department pension liability as a percentage of covered payroll		232.5 %	110.4 %	259.6 %	238.1 %	245.3 %	268.5 %	263.1 %
Fiduciary net position as a percentage of the pension liability		76.83 %	89.12 %	76.13 %	76.77 %	76.92 %	73.72 %	73.71 %

Notes to Schedule:

[1] Fiscal year 2015 was the first year of GASB 68 implementation. This table will be completed for a 10-year period as data becomes available.

See accompanying independent auditors' report.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Schedule of Contributions
Miscellaneous Plan

September 30, 2022

Last 10 Years[1]

(Dollars in thousands)

(Unaudited)

		2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution[2]	$	15,393	14,952	13,175	11,422	9,963	8,815	8,338
Contributions in relation to the actuarially determined contribution[3]		(15,393)	(14,952)	(13,175)	(11,422)	(9,963)	(8,815)	(8,338)
Contribution deficiency (excess)	$	—	—	—	—	—	—	—
Covered payroll		57,024	54,483	46,826	47,718	45,236	48,381	47,203
Contributions as a percentage of covered payroll		26.99 %	27.44 %	28.14 %	23.94 %	22.02 %	18.22 %	17.66 %

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were from the June 30, 2019 funding valuation report public agency valuations.

Valuation Date:	6/30/2019
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	For details, see June 30, 2019 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50 %
Salary Increases	Varies by entry age and service
Payroll Growth	2.75 %
Investment Rate of Return	7.00%, net of pension plan investment and administrative expenses, including inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

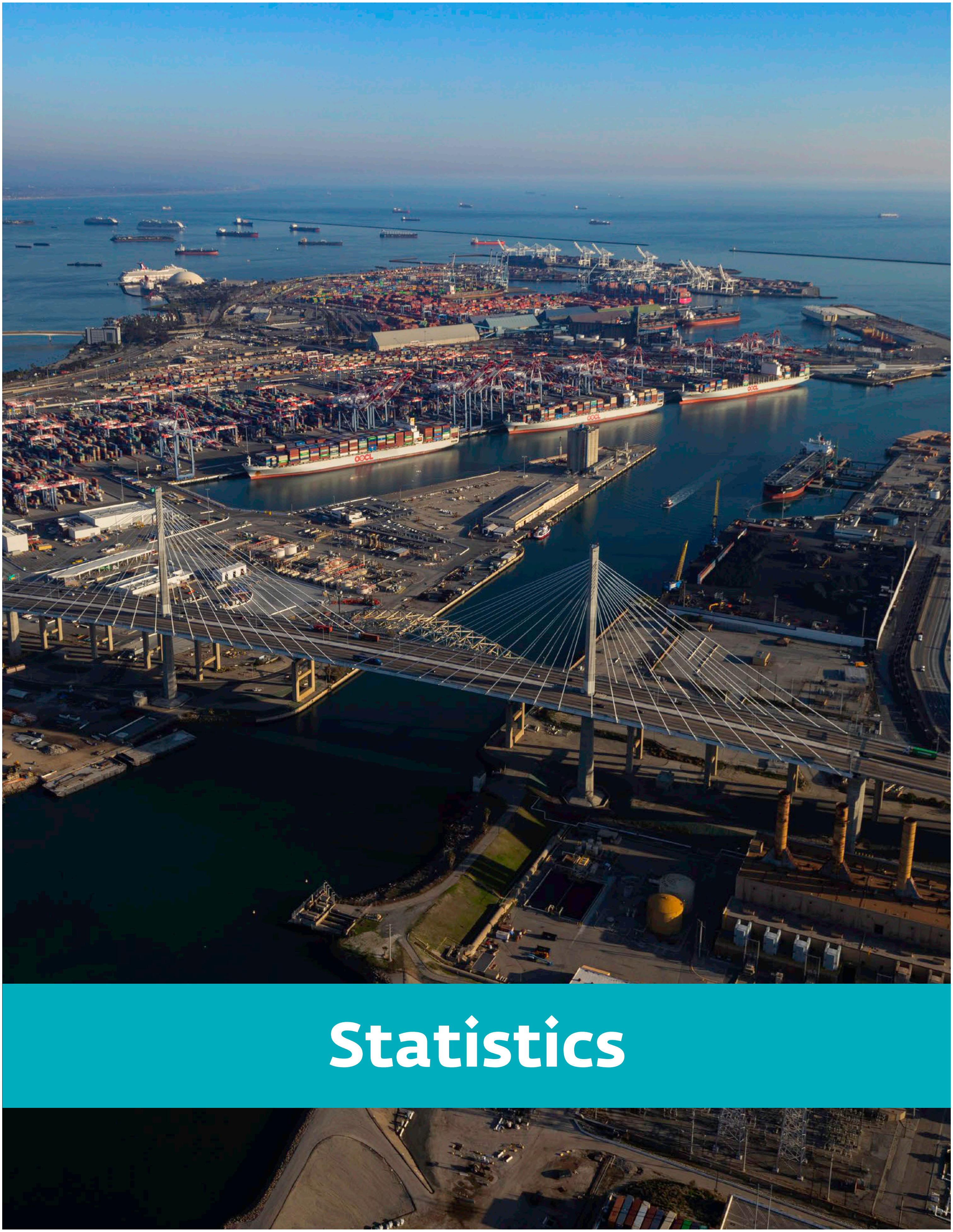
Notes:

1 Fiscal year 2015 was the first year of GASB 68 implementation. This table will be completed for a 10-year period as data becomes available.

2 Actuarially Determined Calculation is based on a CalPERS projection of the Miscellaneous payroll

3 Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.



Statistics

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statistical Section

Year ended September 30, 2022

(Unaudited)

This section presents detailed information as a context for understanding of what the information in the financial statements and note disclosures shows about the Department's overall financial health.

Exhibit 1

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statements of Net Position

Last Ten Fiscal Years

(In millions)

(Unaudited)

		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Assets and deferred outflows:											
Current	$	784	837	793	658	717	690	487	501	453	441
Other		3,807	5,254	5,089	5,039	4,853	4,665	4,550	4,474	4,229	3,612
Deferred outflows		46	16	9	14	21	42	42	22	10	11
Total assets and deferred outflows	$	4,637	6,107	5,891	5,711	5,591	5,397	5,079	4,997	4,692	4,064
Liabilities and deferred inflows:											
Current	$	116	238	131	125	315	101	111	100	123	153
Current – restricted*		53	100	520	55	58	65	61	60	67	61
Long term		1,289	1,256	868	1,263	1,115	1,292	1,115	1,215	1,037	672
Deferred inflows		9	54	9	13	22	13	12	15	3	—
Total liabilities and deferred inflows	$	1,467	1,648	1,528	1,456	1,510	1,471	1,299	1,390	1,230	886
Net position:											
Net investment in capital assets	$	2,531	3,769	3,791	3,745	3,643	3,492	3,442	3,077	2,975	2,848
Restricted		52	52	52	47	56	51	90	265	199	62
Unrestricted		587	638	520	463	382	383	248	267	289	269
Total net position	$	3,170	4,459	4,363	4,255	4,081	3,926	3,780	3,609	3,463	3,179
Working capital	$	668	599	662	533	402	589	376	401	330	288
Current ratio		4.6	2.5	1.2	3.7	1.9	4.2	2.8	3.1	2.4	2.1
Debt to asset ratio		38.1%	31.3%	30.0%	28.8%	31.0%	31.3%	28.3%	30.9%	29.0%	24.5%

* Current liabilities payable from restricted assets.

Source: Finance Division, Harbor Department.

See accompanying independent auditors' report.

Exhibit 2

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Changes in Fund Net Position

Last Ten Fiscal Years

(In millions)

(Unaudited)

		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenue	$	480	435	399	412	402	381	362	355	358	346
Operating expense		347	308	292	279	287	291	292	271	228	188
Income from operations		133	127	107	133	115	90	70	84	130	158
Investment earnings/(loss), net		(21)	(25)	(17)	(9)	(10)	—	(15)	39	(12)	—
Other income/(expense), net		24	3	(6)	3	2	2	5	4	7	1
Transfers to City Tidelands Fund/Other Operating Funds		(26)	(21)	(21)	(21)	(20)	(19)	(19)	(18)	(18)	(17)
Transfers to Caltrans		(1,486)	—	—	—	—	—	—	—	—	—
Capital grants		87	12	45	68	68	73	132	121	178	251
Change in net position	$	(1,289)	96	108	174	155	146	173	230	285	393
Return on investment		(51.0)%	2.5 %	2.8 %	4.6 %	4.3 %	4.2 %	0.1 %	7.4 %	9.4 %	14.4 %
Capital expenditures (Includes personnel costs)	$	326	203	265	496	251	252	367	363	552	792
Personnel:											
Wages and benefits from operations	$	81	53	76	66	63	60	62	55	48	45

Source: Finance Division, Harbor Department.

See accompanying independent auditors’ report.

Exhibit 3

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Operating Revenue by Type

Last 10 fiscal years

(In millions)

(Unaudited)

		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Berth and special facilities:											
Wharfage	$	392	367	355	367	359	342	323	312	308	297
Dockage		18	18	6	6	7	7	8	11	11	12
Bunkers		1	1	1	1	1	1	1	1	1	1
Special facilities rentals		28	21	18	19	16	13	16	16	14	12
Crane rentals		—	—	—	—	—	—	—	2	13	13
Other		—	1	1	1	1	1	1	1	1	1
Total berths and special facilities		439	408	381	394	384	364	349	343	348	336
Rental properties		37	23	15	15	14	14	10	10	9	9
Miscellaneous		4	3	3	3	4	3	3	2	1	1
Total operating revenue	$	480	434	399	412	402	381	362	355	358	346
Growth (reduction)%		—	—	—	—	5.5	5.6	1.5	(1.1)	3.4	3.6
Special facility revenue by terminal commodity:											
Containers	$	349	325	302	311	311	291	275	270	280	268
Liquid bulk		23	22	19	23	17	18	17	17	16	17
Dry bulk		41	37	37	37	37	35	29	29	26	26
Vehicles		19	18	18	17	14	15	15	14	13	12
Steel		6	5	4	5	4	4	8	8	8	8
Lumber		1	1	1	1	1	1	1	1	1	1
Miscellaneous		—	—	—	—	—	—	3	3	3	3
Total special facility revenue	$	439	408	381	394	384	364	348	342	347	335

Source: Finance Division, Harbor Department

See accompanying independent auditors' report.

Exhibit 4

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Revenue Bonds and Loan Debt Service Coverage

Last Ten Fiscal Years

(Millions of Dollars)

(Unaudited)

Fiscal year		Revenues (a)	Maintenance costs (b)	Net revenues (a–b)	Debt service (c)	Times debt service covered
2022	$	457	166	291	74	3.93
2021		434	135	299	65	4.60
2020		415	145	270	66	4.09
2019		432	135	297	77	3.86
2018		406	139	267	80	3.34
2017		383	143	240	72	3.33
2016		365	144	221	73	3.03
2015		359	134	225	78	2.88
2014		360	108	252	80	3.15
2013		347	98	249	80	3.11

(a) Total port operating revenue and interest income only.
(b) Port operating expenses before depreciation and amortization.
(c) Bonds only not including bond anticipation notes (BANs) or line of credit.
BANs are set up with capitalized interest reserve funds.

Source: Finance Division, Harbor Department.

See accompanying independent auditors’ report.

Exhibit 5

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Tonnage Summary

Last 10 fiscal years

(Thousands of Metric Revenue Tons)

(Unaudited)

Fiscal year	Inbound tonnage			Outbound tonnage			Port of Long Beach
	Municipal	Private*	Total	Municipal	Bunkers	Total	Total
2022	161,332	—	161,332	39,677	1,756	41,433	202,765
2021	156,874	—	156,874	39,336	1,908	41,244	198,118
2020	129,133	—	129,133	37,812	1,630	39,442	168,575
2019	134,070	—	134,070	38,036	851	38,887	172,957
2018	139,597	—	139,597	39,734	1,262	40,996	180,593
2017	130,435	—	130,435	36,190	1,474	37,664	168,099
2016	122,937	—	122,937	36,733	1,652	38,385	161,322
2015	124,525	—	124,525	38,436	1,313	39,749	164,274
2014	122,244	—	122,244	42,415	867	43,282	165,526
2013	119,504	—	119,504	41,910	843	42,753	162,257

Average annual growth (reduction)

Metric revenue ton = 1 metric ton or 1 cubic meter, whichever is the basis for tariff assessment

* Private berth information is no longer available. Revenue from private berth leases is revenue of the terminal operator and not part of the Port's revenue. Beginning in 2012, the Port implemented a new automated billing system that no longer collects private berth statistics.

Source: Finance Division, Harbor Department

See accompanying independent auditors' report.

Exhibit 6

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Tonnage by Commodity Group and Vessel Calls

Last 10 fiscal years

(Thousands of metric revenue tons)

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Total	Average annual growth
Containerized:												
In	124,785	124,547	100,669	103,173	108,091	98,941	93,614	95,798	94,310	91,047	910,190	4.32 %
Out	30,384	31,110	30,247	29,204	30,823	28,174	29,400	29,307	31,262	30,525	270,052	0.36 %
Other break bulk:												
In	1,272	1,107	964	1,116	1,243	1,127	1,008	1,039	1,002	854	9,460	3.89 %
Out	67	61	60	115	129	61	99	101	92	108	826	1.13 %
Liquid bulk:												
In	34,022	30,325	26,950	29,310	29,819	30,130	27,971	27,479	26,696	27,398	256,078	1.45 %
Out	2,717	2,703	3,074	2,300	2,351	2,497	3,203	3,521	2,995	3,197	25,841	(0.78)%
Dry bulk:												
In	1,254	894	550	471	445	238	344	209	235	259	3,645	23.20 %
Out	8,265	7,371	6,060	7,268	7,692	6,933	5,684	6,820	8,934	8,869	65,631	(0.90)%
Total:												
In	161,333	156,873	129,133	134,070	139,598	130,436	122,937	124,525	122,243	119,558	1,179,373	3.73 %
Out	41,433	41,245	39,441	38,887	40,995	37,665	38,386	39,749	43,283	42,699	362,350	— %
Vessel calls*	2,698	2,561	2,237	2,095	2,278	2,149	2,227	2,676	2,752	3,425	22,400	
Annual growth/(decline)	5.35 %	14.48 %	6.78 %	(8.03)%	6.00 %	(3.50)%	(16.78)%	(2.76)%	(19.65)%	(84.71)%		
TEU's	9,632	9,501	7,661	7,747	8,001	7,231	6,946	7,088	6,818	6,648	67,641	
TEU annual growth/(decline)	1.38 %	24.02 %	(1.11)%	(3.17)%	10.65 %	4.10 %	(2.00)%	3.96 %	2.56 %	(90.17)%		

* Beginning in FY 2014, only billable vessel calls are included in the total vessel call number.

Metric revenue ton = 1 metric ton or 1 cubic meter, whichever is the basis for the tariff assessment

See accompanying independent auditors' report.

Exhibit 7

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Metric Revenue Tons and Container Counts

Last 10 fiscal years

(In thousands)

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Municipal berths[1]:										
Foreign	126,312	125,923	101,566	104,012	108,811	99,468	93,928	98,464	104,245	101,027
Coastwise/intercoastal	35,020	30,950	27,567	30,058	30,787	30,977	29,009	26,061	17,998	18,477
Total inbound cargo	161,332	156,873	129,133	134,070	139,598	130,445	122,937	124,525	122,243	119,504
Outbound cargo:										
Foreign	34,839	34,871	34,061	34,418	36,218	32,923	32,737	33,592	37,067	36,769
Coastwise/intercoastal	4,839	4,466	3,751	3,618	3,516	3,258	3,996	4,843	5,348	5,141
Bunkers	1,756	1,908	1,630	851	1,261	1,474	1,653	1,313	867	843
Total outbound cargo	41,434	41,245	39,442	38,887	40,995	37,655	38,386	39,748	43,282	42,753
Total municipal cargo	202,766	198,118	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257
Private berths[1]:										
Inbound	—	—	—	—	—	—	—	—	—	—
Outbound	—	—	—	—	—	—	—	—	—	—
Total private cargo	—	—	—	—	—	—	—	—	—	—
Grand total	202,766	198,118	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257
Container count summary (000's)[2]										
Loaded inbound TEUs	4,670	4,667	3,761	3,862	4,044	3,698	3,514	3,596	3,523	3,420
Loaded outbound TEUs	1,400	1,456	1,492	1,441	1,564	1,451	1,538	1,528	1,664	1,671
Total loaded	6,070	6,123	5,253	5,303	5,608	5,149	5,052	5,124	5,187	5,091
Full containers annual growth (decline)				(5.4)%	8.9 %	1.9 %	(1.4)%	(1.2)%	1.9 %	15.1 %
Total empty	3,562	3,378	2,408	2,444	2,393	2,081	1,894	1,964	1,631	1,557
Empty containers annual growth (decline)				2.1 %	15.0 %	9.9 %	(3.6)%	20.4 %	4.8 %	8.6 %
Total TEUs	9,632	9,501	7,661	7,747	8,001	7,230	6,946	7,088	6,818	6,648
Annual growth	1.4 %	24.0 %	(1.1)%	(3.2)%	10.7 %	4.1 %	(2.0)%	4.0 %	2.6 %	

1 Metric revenue tons is equal to either 1,000 kilograms or one cubic meter.

2 A TEU represents a 20-foot equivalent unit.

Source: Finance Division, Harbor Department

See accompanying independent auditors' report.

Exhibit 8

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Principal Customers

(Unaudited)

The Port's largest customers	Effective date	Expiration date
Total Terminals International, LLC	08/2002	08/2027
Long Beach Container Terminal, LLC	07/2011	06/2051
International Transportation Service, LLC	09/2006	08/2026
Pacific Maritime Services, L.L.C. – Pacific Container Terminal	05/2002	04/2042
SSA Terminals (Pier A), LLC	12/2002	10/2027
Toyota Motor North America, Inc.	01/2009	12/2040
SSA Terminals, LLC – SSA Terminal C60/Matson Navigation	05/2002	04/2022
Pacific Crane Maintenance Company, LLC	07/2022	Month-to-month
Metropolitan Stevedore Company	09/2014	09/2034
Oxbow Carbon & Minerals, LLC	09/2014	09/2029
Carson Cogeneration LLC – Tesoro Refining & Marketing Company LLC	06/1983	05/2023
Tesoro Refining & Marketing Company LLC – Tesoro Logistics Operations LLC	01/2012	01/2032
Koch Carbon, Inc.	01/1988	12/2027
SA Recycling, LLC	11/1994	11/2024
Tesoro Refining & Marketing Company LLC	01/2015	12/2034
Jacobsen Pilot Service, Inc.	08/2017	07/2032
CSA Equipment Company, LLC	02/2013	06/2027
Crescent Terminals, Inc.	07/2000	06/2027
Tesoro Refining & Marketing Company LLC	01/1981	12/2022
Olympus Terminals LLC	07/2010	06/2025

Contractual obligations between the Port and its customers prevent the Port from releasing information related to tenant revenue.

Source: Real Estate Division, Harbor Department.

See accompanying independent auditors' report.

Exhibit 9

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Employee Headcount by Division

Last 10 fiscal years

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Executive administration	18.0	17.0	18.0	18.0	15.0	14.0	18.0	17.0	11.9	9.3
Business development	12.0	10.0	12.0	11.0	12.0	13.0	13.0	11.0	—	—
Communications	19.0	17.0	19.0	18.0	16.0	14.0	14.0	16.0	15.0	12.8
Construction management	52.0	50.0	48.0	47.0	48.0	45.0	47.0	46.0	—	—
Design	46.0	48.0	46.0	46.0	46.0	51.0	49.0	48.0	—	—
Engineering	—	—	—	—	—	—	—	—	140.7	128.8
Environmental planning	23.0	22.0	23.0	21.0	24.0	21.0	24.0	23.0	—	—
Finance	29.0	27.0	28.0	23.0	22.0	25.0	25.0	25.0	24.5	24.9
Government relations/affairs	5.0	4.0	4.0	3.0	3.0	4.0	3.0	4.0	4.0	4.0
Human resources	19.0	17.0	19.0	20.0	18.0	16.0	18.0	18.0	17.4	16.3
Information management	25.0	25.0	27.0	24.0	20.0	22.0	22.0	22.0	20.6	20.8
Maintenance	87.0	79.0	81.0	78.0	82.0	90.0	92.0	84.0	76.3	81.1
Port Planning (Master planning & Transportation planning)	10.0	11.0	12.0	14.0	12.0	14.0	11.0	12.0	31.7	30.6
Program delivery	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	—	—
Program management	25.0	27.0	25.0	23.0	22.0	27.0	28.0	25.0	—	—
Project controls	16.0	16.0	16.0	15.0	12.0	11.0	11.0	8.0	—	—
Real estate	10.0	10.0	9.0	7.0	8.0	9.0	9.0	8.0	8.8	9.0
Risk management	9.0	12.0	11.0	11.0	11.0	9.0	10.0	10.0	8.3	7.6
Security	99.0	84.0	85.0	78.0	84.0	81.0	74.0	79.0	68.0	71.2
Survey	22.0	22.0	21.0	20.0	21.0	22.0	22.0	23.0	—	—
Tenant services/trade relations	11.0	11.0	13.0	13.0	13.0	12.0	9.0	9.0	19.3	16.5
Full-time/permanent subtotal	540.0	512.0	520.0	493.0	492.0	503.0	502.0	490.0	446.5	432.9
Growth/decline	5.5 %	(1.5)%	5.5 %	0.2 %	(2.2)%	0.2 %	2.4 %	9.7 %	3.1 %	(3.1)%
Part-time/temporary subtotal	8.5	12.0	24.0	13.7	19.0	31.0	29.0	34.0	25.5	29.4
Growth/decline	(29.2)%	(50.0)%	75.2 %	(27.9)%	(38.7)%	6.9 %	(14.7)%	33.3 %	(13.3)%	126.2 %
Total number of employees	548.5	524.0	544.0	506.7	511.0	534.0	531.0	524.0	472.0	462.3
Growth/decline	4.7 %	(3.7)%	7.4 %	(0.8)%	(4.3)%	0.6 %	1.3 %	11.0 %	2.1 %	0.5 %

Note:

FY2015 – FY2020 presented the count at year-end (personnel inventory report)
FY2006 – FY2014 presented the count average of the year
Board of Harbor Commissioners are not included

Source: Human Resources, Harbor Department

See accompanying independent auditors' report.


Port of
LONG BEACH
THE PORT OF CHOICE
PIER B
PIER B
Channel Two
SSA Terminals
Long Beach
PIER A
SSA-Matson
Terminals
PIER C
Channel Three
City of Long Beach
PIER A
WEST
City of Los Angeles
City of Los Angeles
City of Long Beach
Turning Basin
Cerritos Channel
Inner Harbor
PIER D
PIER D
PIER S
PIER E
Long Beach
Container
Terminal
PIER T
Back Channel
Total Terminals
International
PIER T
PIER T
East Basin
Middle Harbor
Los Angeles River
Queensway Bay
Downtown Marina
Grissom
PIER H
PIER H
International
Transportation
Service
PIER G
PIER G
West Basin
Basin Six
PIER F
Southeast Basin
Long Beach Channel
Pacific Container
Terminal
PIER J
PIER J
Outer Harbor
City of Long Beach Harbor Department
City of Long Beach
City of Los Angeles
City of Long Beach

Port of
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THE PORT OF CHOICE

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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

Burlington Northern Santa Fe, LLC, the parent company of BNSF and Union Pacific Corporation, the parent of Union Pacific are each currently 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. The Authority is not responsible for and makes no representation concerning information filed by the parent company of 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 2024 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, 2022;
- Quarterly Report on Form 10-Q for the quarter ended September 30, 2023; and
- Current Reports on Form 8-K filed on January 24, 2023, February 21, 2023, February 24, 2023, April 20, 2023, May 19, 2023, June 13, 2023, July 26, 2023, August 11, 2023, September 29, 2023, October 19, 2023 and December 14, 2023.

Prior to the issuance of the Series 2024 Bonds, Union Pacific Corporation may file other reports required by Section 13 or 15(d) of the Exchange Act, including Current Reports on Form 8-K.

BNSF

Burlington Northern Santa Fe, LLC, the parent company of BNSF has filed with the SEC the following documents:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2022;
- Quarterly Report on Form 10-Q for the quarter ended September 30, 2023; and
- Current Reports on Form 8-K filed on June 9, 2023 and October 5, 2023.

BNSF filed reports with the SEC through February 2018. Beginning in February 2018, reports for BNSF are no longer filed with the SEC. Prior to the issuance of the Series 2024 Bonds, Burlington Northern Santa Fe, LLC may file other reports required by Section 13 or 15(d) of the Exchange Act, including Current Reports on Form 8-K.

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APPENDIX E

SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS

Presented below are brief summaries of certain provisions contained in the Master Indenture, as amended and supplemented, including by the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture and the Eighteenth Supplemental Indenture, the Use Permit and the Operating Agreement. Such summaries are not to be considered full statements pertaining thereto. Reference is directed to such documents for the complete text thereof. Copies of such documents are available from the Authority. See "THE AUTHORITY'S OUTSTANDING BONDS" in this Official Statement.

INDENTURE

Definitions

The following are definitions of certain terms used in the Official Statement, including the summary of certain provisions of the Master Indenture, as amended or supplemented to date, including by the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture and the Eighteenth Supplemental Indenture.

"*Accreted Value*" means with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon from its delivery date, compounded at the approximate interest rate thereof on the Compounding Date specified therein. With respect to any Capital Appreciation Bonds, the Accreted Value at any date to which reference is made shall be the amount set forth in the Accreted Value Table as of such date, if such date is a Compounding Date, and if not, shall be determined by straight line interpolation, as calculated by the Trustee, with reference to such Accreted Value Table.

"*Accreted Value Table*" means the table denominated as such, and to which reference is made in a Supplemental Indenture for any Capital Appreciation Bonds issued pursuant to such Supplemental Indenture.

"*Administrative Costs*" means the administrative costs of the Authority as defined in and determined pursuant to the Operating Agreement.

"*Annual Accounting*" means the final accounting annually undertaken by the Authority pursuant to the Master Indenture.

"*Authority*" means the Alameda Corridor Transportation Authority, a joint powers authority established pursuant to the provisions of the JPA Law and the JPA Agreement, a public entity separate and apart from its members.

"*Authority Treasurer*" means the Treasurer of the Authority selected in accordance with the JPA Law and the JPA Agreement.

"*Authorized Authority Representative*" means one or more officials or employees of the Authority designated by the Board to act as an Authorized Authority Representative for the purposes specified in such designation. Except to the extent limited in any such designation, any action required or authorized to be taken by the Board or the Authority in the Master Indenture or in any Supplemental Indenture may be taken by an Authorized Authority Representative.

"Authorized Denominations" means, (i) with respect to the Series 2024 Bonds which are Current Interest Bonds, $5,000 or any integral multiple thereof, and (ii) with respect to the Series 2024 Bonds which are Capital Appreciation Bonds, denominations such that the Accreted Value of such Series 2024 Bonds as of the maturity date thereof shall equal $5,000 or any integral multiple thereof.

"*Balloon Indebtedness*" means, with respect to any Series of Bonds, 25% or more of the principal or Accreted Value of which matures on the same date or within a 12-month period, that portion of the principal or Accreted Value of the Bonds of such Series which matures on such date or within such 12 month period. For purposes of this definition, the principal amount or Accreted Value maturing on any date shall be reduced by the amount of such indebtedness which is required, by the documents governing such indebtedness, to be amortized by prepayment or redemption prior to its stated maturity.

"*Board*" means the Governing Board of the Authority, as described in the JPA Agreement.

"*Bond*" or "*Bonds*" means Senior Lien Bonds, First Subordinate Lien Bonds and Second Subordinate Lien Bonds of the Authority issued under and in accordance with the provisions of the Master Indenture but not including the Federal Loan.

"*Bond Insurance Policy*" means each financial guaranty insurance policy issued by a Bond Insurer insuring the payment of the principal or Accreted Value of (but not the redemption price other than mandatory sinking fund redemption) and interest on a Series of Bonds when due.

"*Bond Insurer*" means (i) for the Series 1999 Bonds, MBIA Insurance Corporation or its successors and assigns, (ii) for the Series 2004 Bonds, Ambac Assurance Corporation, or its successors and assigns, (iii) for the Series 2016B Insured Bonds, Assured Guaranty Municipal Corporation, or its successors and assigns, (iv) for the Series 2022 Insured Bonds, Assured Guaranty Municipal Corporation, or its successors and assigns, (v) for the Series 2024 Bonds, Assured Guaranty Municipal Corporation, or its successors and assigns, and (viii) for Bonds of any other Series, the bond insurer, if any, named in the Supplemental Indenture providing for the issuance of the Bonds of such Series.

"*Bond Obligation*" means as of any date of calculation (1) with respect to any Outstanding Current Interest Bonds, the principal amount of such Bond and (2) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof.

"*Bondholder*," "*holder*," "*owner*" or "*registered owner*" means the person in whose name any Bond or Bonds are registered on the books maintained by a Registrar and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of the Master Indenture.

"*Bond Year*" means the period of time commencing on October 1 through and including the September 30 immediately following, so long as any Bonds are Outstanding. Debt Service to be accrued in any Bond Year shall include debt service payable on the immediately following October 1.

"*Business Day*" means a day on which banks located in New York, New York, in Los Angeles, California and in the city in which the principal corporate trust office of the Trustee is located are open, and, for the purpose of determining a Business Day for Bonds that are commercial paper or Variable Rate Indebtedness, a day on which the New York Stock Exchange is open.

"*Capital Appreciation Bonds*" means any Bonds the interest on which is compounded and not scheduled to be paid until maturity, conversion or prior redemption thereof. Capital Appreciation Bonds may be converted to Current Interest Bonds pursuant to a Supplemental Indenture.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable thereto.

"*Compounding Date*" means the date on which principal and interest on any Capital Appreciation Bond is compounded, as specified in such Capital Appreciation Bond.

"*Construction Fund*" means any of the Construction Funds authorized to be created by the Master Indenture.

"*Consultant*" means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, actuary, insurance consultant, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to carry out the duties provided for such consultant in the Master Indenture.

"*Container Charges*" means the charges by that name as more particularly defined in the Operating Agreement which each Railroad is obligated to pay to the Authority pursuant to the Operating Agreement.

"*Contingent Port Obligations*" means an amount equal to 40% of (i) the Annual Amount (as defined in the Operating Agreement) and (ii) the Federal Loan payments due in any year or partial year (which is the maximum amount the Ports may be obligated to pay to the Authority pursuant to the Operating Agreement).

"*Continuing Disclosure Certificate*" means (i) that certain Continuing Disclosure Certificate by the Authority and the Ports dated the date of issuance and delivery of the Series 1999 Bonds, (ii) that certain Continuing Disclosure Certificate dated as of February 1, 2004 by the Authority and the Ports in connection with the issuance by the Authority of the Series 2004 Bonds, (iii) that certain Continuing Disclosure Certificate dated as of May 24, 2016 by the Authority and the Ports in connection with the issuance by the Authority of the Series 2016 Bonds, (iv) that certain Continuing Disclosure Certificate dated as of July 14, 2022 by the Authority and the Ports in connection with the issuance by the Authority of the Series 2022 Bonds, (v) that certain Continuing Disclosure Certificate dated as of February 6, 2024 by the Authority and the Ports in connection with the issuance by the Authority of the Series 2024 Bonds, and (vi) any other continuing disclosure certificate or certificates by the Authority and the Ports for any other Series of Bonds identified in the Supplemental Indenture pursuant to which such Series of Bonds are issued, as amended from time to time in accordance with the terms thereof.

"*Costs of Issuance*" means all costs and expenses incurred by the Authority in connection with the issuance of one or more Series of Bonds, as more particularly described in a Supplemental Indenture, including, but not limited to, costs and expenses of printing and copying documents, the official statement or the Bonds, bond insurance premiums, if any, underwriters' compensation and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants, engineering consultants, actuaries and insurance consultants, other consultants, and other financing costs related to any Series of the Bonds.

"*Costs*" or "*Costs of the Project*" means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating the Project and placing the same in service and reasonable contingencies and reserves therefor, and shall include, but not be limited to the following: (1) costs of real or personal property, rights, franchises, easements and other interests in property, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures, debris or earth may be removed and the costs and expenses related to such removal; (2) costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (3) labor and related costs and costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, actuaries and insurance consultants, planners, attorneys, and financial and feasibility consultants; (4) financing expenses, including capitalized interest and reserves; and (5) such other costs and expenses (including administrative fees and expenses) that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Authority.

"*Credit Facility*" means a policy of municipal bond insurance, a letter of credit, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal or Accreted Value of and/or interest on and/or the purchase price of any Series of Bonds, but not including any Debt Service Reserve Surety Policy.

"*Credit Provider*" means the issuer of a Credit Facility.

"*Current Interest Bonds*" means the Bonds of any Series, other than Capital Appreciation Bonds, which pay interest at least annually to the owners thereof excluding the first payment of interest thereon.

"*Debt Service*" means, for any period and for any priority level of Bonds, the sum of (1) the interest accrued during such period on all Outstanding Current Interest Bonds except to the extent that such interest is to be paid as capitalized interest from the proceeds of any Bonds and/or from other moneys deposited with the Trustee for such purpose, (2) the aggregate principal amount or Accreted Value of all Outstanding Bonds issued in serial form that matures or is payable in such period, except to the extent payable from the proceeds of Bonds or from other moneys set aside for such purpose, (3) the aggregate amount of all Mandatory Sinking Account Payments required to be made in such period with respect to Outstanding Term Bonds, except to the extent payable from the proceeds of Bonds or from other moneys set aside for such purpose, and (4) all Repayment Obligations due in such period, to the extent such obligations constitute Bonds under the Master Indenture,

> provided, however, that for purposes of computing the interest payable on Variable Rate Indebtedness (other than for purposes of the flow of funds within the Revenue Fund pursuant to the Master Indenture), (A) the interest rate for any Synthetic Fixed Rate Debt shall be the fixed interest rate payable by the Authority pursuant to the related Swap or pursuant to such Indebtedness, as applicable, and (B) the interest rate for any other Variable Rate Indebtedness for periods when the actual interest rate for such Variable Rate Indebtedness cannot yet be determined shall be the rate which is the average of The Bond Buyer Revenue Bond Index for the 52 weeks ending with the week preceding the date of calculation, provided that if The Bond Buyer Revenue Bond Index shall cease to be published, the index to be used in its place shall be that index which the Authority (in consultation with the remarketing agent(s) for any Variable Rate Indebtedness then Outstanding) determines most closely replicates it, as set forth in a certificate of an Authorized Authority Representative filed with the Trustee, and
>
> provided further, that for purposes of computing the principal and interest payable on Balloon Indebtedness, during any Bond Year, the principal or Accreted Value due in any period with respect to such Bonds shall be deemed to be the amount of principal or Accreted Value which would be payable in such period if the original principal amount or Accreted Value of such Bonds were amortized from the date of original issuance thereof over the lesser of a period of thirty (30) years or the remaining useful life of the Project on a level debt service basis, except that if the date of calculation is within twelve (12) months of the actual maturity of such Bonds,

the full amount of principal or Accreted Value payable at maturity shall be taken into account unless a firm underwriting commitment is in effect to refinance such Bonds; and

provided further, that for purposes of computing the Accreted Value or principal and interest payable on Tender Indebtedness during a Bond Year, Tender Indebtedness shall be treated as if the tender payment were not required; and

provided further, that for purposes of determining the principal amount or Accreted Value due, payment shall be assumed to be made in accordance with any amortization schedule established for such debt.

"*Debt Service Fund*" means each of the Debt Service Funds required to be created pursuant to the Master Indenture.

"*Debt Service Payment Requirement*" means the amount required to make a debt service payment on any Senior Lien Bond, at the times established by and as calculated pursuant to the Master Indenture.

"*Debt Service Reserve Account*" means each of the accounts designated as such and created within the Debt Service Reserve Fund pursuant to a Supplemental Indenture providing for the issuance of a particular Series of Bonds.

"*Debt Service Reserve Fund*" means the trust fund and the accounts therein which are required to be funded for the purpose of providing additional security for Outstanding Bonds issued pursuant to the terms of the Master Indenture.

"*Debt Service Reserve Fund Replenishment Payment*" means any payment required to replenish any one or more Debt Service Reserve Accounts or to pay a Debt Service Reserve Surety Repayment Obligation for the Senior Lien Bonds as provided for and calculated pursuant to the Master Indenture.

"*Debt Service Reserve Requirement*" means, with respect to a Debt Service Reserve Account for any Series of Bonds, an amount equal to the least of (i) Maximum Annual Debt Service for such Series, (ii) 10% of the original principal 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.

"*Debt Service Reserve Surety Policy*" means 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 substitution for all or a portion of the cash or securities on deposit or to be deposited therein.

"*Debt Service Reserve Surety Repayment Obligation*" means an obligation, including the interest thereon, arising from a payment or payments having been made under a Debt Service Reserve Surety Policy constituting all or a portion of a Debt Service Reserve Account and deposited into the Debt Service Fund related thereto to prevent a default on the related Series of Bonds.

"*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). However, Dedicated Revenues at a particular level of priority shall only include the sum of interest earnings on the Debt Service Funds and 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. Dedicated Revenues shall not include funds to be deposited in or earnings on the moneys held in the M & O Fund or the Reserve Account. For purposes of calculating Dedicated Revenues as a condition to issuing any Series of Bonds under the Master Indenture, the Authority has covenanted with the Series 2012 Lender and with the Series 2004 Bond Insurer (so long as the Series 2004 Bond Insurance Policy is in effect and the Series 2004 Bond Insurer is not in default of its obligation to make payments thereunder) that for purposes of issuing additional Bonds only, an independent consultant acceptable to the Series 2012 Lender and the Series 2004 Bond Insurer 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 (12) consecutive months out of the eighteen (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 Standard & Poor's) or (B) less than Aa3 but higher than Baa1 (in the case of Moody's), then "Contingent Port Obligations" shall 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 Standard & Poor's) or (B) less than A3 (in the case of Moody's), then "Contingent Port Obligations" shall 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.

"*Design-Build Contract*" means the Design Build Contract (Contract No. MCO1CS01) dated October 23, 1998, as amended from time to time, between the Authority and The Tutor Saliba Team, a joint venture comprised of Tutor-Saliba Corporation, O & G Industries, Inc., Parsons Transportation Group and HNTB Design/Build, Inc.

"*DTC*" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Eighth Supplemental Indenture"* means the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Eighteenth Supplemental Indenture*" means the Eighteenth Supplemental Trust Indenture dated as of February 1, 2024, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Eleventh Supplemental Indenture"* means the Eleventh Supplemental Trust Indenture dated as of May 1, 2016, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Event of Default*" means any occurrence or event specified as such in the Master Indenture.

"*Federal Lender*" means the U.S. Department of Transportation, acting through the Federal Highway Administration.

"*Federal Loan*" means the loan in the maximum initial principal amount of $400,000,000 (subject to adjustment by accretion) made or to be made to the Authority by the Federal Lender, pursuant to the Federal Loan Agreement, or any replacement or refinancing thereof with or by an agency of the United States Government, which Federal Loan will be made to pay costs related to the acquisition of land, and designing, engineering, constructing, improving and financing of the Project. The Federal Loan was paid in full with the proceeds of the Series 2004 Bonds. References to the Federal Loan, the Federal Loan Agreement and the Federal Loan Fund are, therefore, no longer effective or applicable.

"*Federal Loan Agreement*" means the Amended and Restated Loan Agreement dated as of October 1, 1998, by and between the Authority and the Federal Lender, as amended and supplemented from time to time as permitted thereby and by the Indenture.

"*Federal Loan Fund*" shall be the fund by that name created pursuant to and as further described in the Master Indenture.

"*Fifth Supplemental Indenture"* means the Fifth Supplemental Trust Indenture dated as of June 1, 2003 between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Fifteenth Supplemental Indenture*" means the Fifteenth Supplemental Trust Indenture dated as of February 1, 2024, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Final Compounded Amount*" means the Accreted Value of a Capital Appreciation Bond on its maturity date.

"*First Subordinate Lien Bonds*" means any Bonds, in one or more Series, which rank junior and subordinate to the Senior Lien Bonds and the Federal Loan, and rank senior to the Second Subordinate Lien Bonds, if any. Such First Subordinate Lien Bonds may be Notes that are part of a commercial paper program. The Series 2004 Bonds, the Series 1999D Bonds, the Series 2016A Bonds, the Series 2024C Bonds and the Series 2024D Bonds are First Subordinate Lien Bonds.

"*First Supplemental Indenture"* means the First Supplemental Trust Indenture dated as of January 1, 1999, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Fiscal Year*" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Authority designates as its fiscal year by written notice to the Trustee.

"*Fourth Supplemental Indenture*" means the Fourth Supplemental Trust Indenture dated as of January 1, 1999, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Fourteenth Supplemental Indenture*" means the Fourteenth Supplemental Trust Indenture dated as of July 1, 2022, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Government Obligations*" means (1) United States Obligations (including obligations issued or held in book entry form) and (2) prerefunded municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or noncallable United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (c) the principal of and interest on the United States Obligations when due and without any reinvestment thereof (plus any cash in the escrow fund) are sufficient to pay the principal of and interest on the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated in the highest rating category of any Rating Agency which then maintains a rating on any of the Bonds; and (g) Resolution Funding Corp. (REFCORP) obligations. Only the interest component of REFCORP obligations which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

"*Indenture*" means the Master Indenture, together with each Supplemental Indenture.

"*Independent*" means, when used with respect to any specified firm or individual, that such firm or individual (i) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority or either of the Ports or the Railroads, other than the payment to be received under a contract for services to be performed, and (ii) is not connected with the Authority or either of the Ports or the Railroads, as an official, officer or employee.

"*Initial Amount*" means the principal amount of a Capital Appreciation Bond on the date of issuance and delivery to the original purchaser thereof.

"*Interest Payment Date*" means each April 1 and October 1, beginning April 1, 1999, so long as any Current Interest Bonds are Outstanding.

"*JPA Agreement*" means the Amended and Restated Joint Powers Agreement dated as of December 18, 1996, by and between the City of Long Beach and the City of Los Angeles, as amended by the First Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated as of July 1, 2006.

"*JPA Law*" means Article 1, Chapter 5, Division 7, of Title 1 of the California Government Code (commencing with Section 6500).

"*Liquidity Facility*" means a letter of credit, line of credit, standby purchase agreement or other financial instrument which is available to provide funds with which to purchase Bonds.

"*Liquidity Provider*" means the entity which issues a Liquidity Facility.

"*Mandatory Sinking Account Payment*" means with respect to Bonds of any Series and maturity, the amount required by a Supplemental Indenture to be deposited in a Debt Service Fund for the payment of Term Bonds of such Series and maturity.

"*Master Indenture*" means that certain Master Trust Indenture dated as of January 1, 1999, as amended and supplemented, by and between the Authority and the Trustee, which provides the terms and conditions upon which the Authority may issue revenue bonds or other evidences of indebtedness for the purpose of financing or refinancing all or a portion of the Project.

"*Maximum Annual Debt Service*" means for each Series of Bonds the greatest Debt Service in any Bond Year during the period beginning with the current Bond Year and ending with the Bond Year in which the last Outstanding Bonds of such Series mature by their terms.

"*M & O Charges*" means the M & O Charges as defined in the Operating Agreement (and as limited by the Operating Agreement), which the Railroads are obligated to pay to the Authority pursuant to the Operating Agreement. M & O Charges shall not be deemed to be Revenues or Dedicated Revenues under the Master Indenture.

"*M & O Fund*" means the fund by that name and the accounts therein created pursuant to the Master Indenture.

"*Net Proceeds*" means insurance proceeds collected as a result of damage to or destruction of all or any portion of the Project or any title insurance or proceeds received in lieu of any insurance or title matter, or condemnation award or amounts received by the Authority from the sale of all or any portion of the Project under the threat of condemnation, less expenses (including the Authority's attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award, whether or not the property that is the subject of the condemnation or title matter is owned by the Authority or the Ports. Net Proceeds shall not include the proceeds of any business interruption insurance.

"*Ninth Supplemental Indenture*" means the Ninth Supplemental Trust Indenture, dated as of February 1, 2013, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Notes*" means Bonds (including commercial paper) issued under the provisions of the Master Indenture which have a maturity of one year or less from their date of original issuance.

"*Operating Committee*" means the committee comprised of representatives of the Railroads and the Ports, established pursuant to the Original Agreement and is no longer in effect under the Operating Agreement.

"*Operating Agreement*" means the Amended and Restated Alameda Corridor Use and Operating Agreement, dated as of December 15, 2016, by and among the Authority, the Ports and the Railroads, as amended by any amendments and supplements permitted under the Indenture.

"*Original Agreement*" means the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, by and among the Authority, the Ports and the Railroads, as amended on July 5, 2006.

"*Outstanding*" when used with respect to Bonds means all Bonds (except as provided by the Supplemental Indentures) which have been authenticated and delivered under the Master Indenture, except:

(a) Bonds canceled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation;

(b) Bonds deemed to be paid in accordance with the Master Indenture;

(c) Bonds in lieu of which other Bonds have been authenticated under the Master Indenture;

(d) Bonds that have become due (at maturity or on the date fixed for redemption or purchase, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent;

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding; and

(f) for purposes of any consent or other action to be taken by the holders of a specified Bond Obligation under the Master Indenture, Bonds held by or for the account of the Authority, the City of Los Angeles, the City of Long Beach or by any person controlling, controlled by or under common control with the Authority.

"*Paying Agent*" or "*Paying Agents*" means, with respect to any Bonds or Series of Bonds, the Trustee or such banks, trust companies or other financial institutions or other entities designated in a Supplemental Indenture as the place where such Bonds shall be payable.

"*Permit*" means the Use Permit dated as of October 12, 1998, by and between the Ports and the Authority, which allows the Authority to construct the Project and perform its duties under the Operating Agreement.

"*Permitted Investments*" means any of the following, as further described and limited in the Master Indenture:

A. United States Treasury Bills, Bonds, and Notes, or "when issued" securities of the United States Government for such securities, or those for which the full faith and credit of the United States are pledged for payment of principal and interest.

B. Registered state warrants or treasury notes or bonds of the State of California or any other of the 49 states of the United States of America, including bonds, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state, so long as such warrants, notes, or bonds are rated "A" or higher by Moody's and Standard & Poor's.

C. Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California or any other of the 49 states of the United States of America, including bonds, payable solely out of the revenues from a revenue producing property owned, controlled, or operated by the local agency, or by a department, board agency, or authority of the local agency, so long as such warrants, notes, or bonds are rated "A" or higher by Moody's and Standard & Poor's, or pre-refunded bonds, notes, warrants or other evidences of indebtedness of any local agency within the state so long as such pre-refunded obligations are rated in the highest rating category for such issues as rated by Moody's and Standard & Poor's.

D. Obligations issued by or guaranteed by the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), Federal Home Administration, Export Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal Housing Administration, Private Export Funding Corporation, Resolution Funding Corporation, Student Loan Marketing Association or any other instrumentality or agency of the United States.

E. Bills of exchange or time drafts drawn on and accepted by a commercial bank, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor, otherwise known as banker's acceptances.

F. Commercial paper ranked "P1" by Moody's Investor Services and "A1" by Standard & Poor's and issued by corporations that are organized and operating within the United States having assets in excess of $500,000,000 and having an "A" or better rating, if any, on its long term debentures as provided by Moody's and Standard & Poor's.

G. Negotiable certificates of deposit ("NCD") issued by a nationally or state-chartered bank or state or federal savings and loan association. To be eligible for purchase the NCD must be issued by:

   1. A California bank rated "A/B" or better by the rating service of Keefe, Bruyette and Woods, ("Keefe")(or equivalent);

   2. A major national or regional bank outside of California rated "B" or better by Keefe, (or equivalent);

   3. A domestic branch of a foreign bank rated I for country rating, II or better for peer-group rating, and II or better for dollar access by Keefe; or

   4. A savings and loan association operating in California rated "A/B" or better by Keefe.

H. Repurchase Agreements with the following terms and conditions:

   1. Transactions shall be limited to the primary dealers and banking institutions rated "A" or better by Moody's and Standard & Poor's. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer and will not be allowed to fall below 102% of the value of the repurchase agreement plus the value of collateral in excess of the value of the repurchase agreement (haircut). In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.

2. Not more than 50% of the funds held by the Trustee may be invested in repurchase agreements and a security interest satisfactory to the Authority shall always be maintained in the securities subject to a repurchase agreement.

I. Local Agency Investment Fund as established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

J. Los Angeles County Treasurer's Investment Pool as prescribed by California Government Code.

K. Money Market Funds which invest solely in U.S. Treasury Securities and U.S. Government Agency securities, and repurchase agreements relating to the above obligations. To be eligible, these Money Market Funds must have an investment advisor with not less than five years experience, be registered with the SEC, have the highest ranking available as provided by not less than two nationally recognized statistical rating organizations, and have assets in excess of $500 million.

L. Bonds or Notes of Corporations incorporated in the United States having ratings of single A or better by Moody's and Standard & Poor's.

M. Guaranteed Investment Contracts and Investment Agreements acceptable to the Bond Insurer with issuers of a double A rating or better by Moody's and Standard & Poor's. Such contracts are to be of no more than 5 years maturity.

N. Any mortgage pass-through security, collateralized mortgage obligation or mortgage-backed certificate with a maximum of five years to maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt by Moody's and Standard & Poor's and rated in a rating category of "AAA."

"*POLA*" means the City of Los Angeles acting by and through its Board of Harbor Commissioners.

"*POLB*" means the City of Long Beach acting by and through its Board of Harbor Commissioners.

"*Port Advances*" means the amounts advanced or paid by POLA or POLB in connection with the Project, to the extent such amounts are defined and described in the Operating Agreement.

"*Port Representative*" means one or more officials or employees of POLA or POLB designated by POLA or POLB, respectively, to act as a Port Representative for the applicable Port under the Indenture.

"*Ports*" means the POLA and the POLB.

"*Principal Payment Date*" means for Current Interest Bonds, each October 1, beginning October 1 of the respective years designated in the Supplemental Indenture providing for the issuance of the Bonds of such Series, so long as any Current Interest Bonds are Outstanding, and for Capital Appreciation Bonds, October 1 of any year in which the Final Compounded Amount of any Capital Appreciation Bond is due and payable.

"*Project*" means the consolidated rail transportation corridor known as the Alameda Corridor Project as defined in the Alameda Corridor Final Environmental Impact Statement, as approved by the Federal Highway Administration on January 24, 1996 and the Federal Railroad Administration on January 25, 1996 and the Record of Decisions for that Project, along with any extensions, expansions, related improvements and replacements thereof duly approved for construction by the Railroads, the Ports and the Authority. Various portions of the Project shall be owned by the Ports and the Railroads, which have granted to the Authority the rights of access and to construct and operate the Project pursuant to (i) the UP C&M Agreement (as defined in the Operating Agreement), (ii) the BNSF C&M Agreement (as defined in the Operating Agreement), (iii) the Permit, and (iv) the Operating Agreement.

"*Railroads*" means BNSF Railway Company, a Delaware corporation, and the Union Pacific Railroad Company, a Delaware corporation, and their respective successors and assigns under the Operating Agreement, and any other railroad or railroads which become a party to the Operating Agreement.

"*Rating Agency*" means a nationally recognized rating agency providing a rating for any Outstanding Bonds.

"*Rebate Fund*" means any fund created by the Board pursuant to a Supplemental Indenture in connection with the issuance of any Tax-Exempt Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts due to the United States of America.

"*Record Date*" means March 15 for any April 1 Interest Payment Date or September 15 for any October 1 Interest Payment Date.

"*Redemption Account*" means any of the Redemption Accounts permitted to be created pursuant to the Master Indenture and created in a Supplemental Indenture.

"*Refunding Bonds*" means any Bonds issued pursuant to the Master Indenture to prepay, refund or defease all or a portion of any Outstanding Bonds or the Federal Loan.

"*Registrar*" means, with respect to any Bonds, the bank, trust company or other entity designated in a Supplemental Indenture to perform the function of Registrar under the Master Indenture or any Supplemental Indenture, and which entity has accepted the position in accordance with the Master Indenture.

"*Repayment Obligations*" means an obligation, including the interest thereon, arising under a written agreement of the Authority and a Credit Provider pursuant to which the Authority agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to pay debt service on any Bonds and/or an obligation, including interest thereon, arising under a written agreement of the Authority and a Liquidity Provider pursuant to which the Authority agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to purchase Bonds.

"*Requisition*" means each of the forms of requisition attached to the Master Indenture, pursuant to which the Trustee shall make the payments required pursuant to paragraphs THIRD, SEVENTH, TENTH and TWELFTH, of the flow of funds within the Revenue Fund, and payments from the Reserve Account, the Construction Funds and the M & O Fund pursuant to the Master Indenture.

"*Reserve Account*" means the Reserve Account created pursuant to and as further described in and administered pursuant to the Master Indenture.

"*Reserve Account Investments*" means those securities and other investments more particularly described in the Master Indenture.

"*Reserve Account Target*" means the amount designated as such pursuant to the Operating Agreement, as such amount is adjusted from time to time pursuant to the Operating Agreement.

"*Revenue Fund*" means the fund of that name established pursuant to and further described in and administered pursuant to the Master Indenture.

"*Revenues*" means the Use Fees and Container Charges, Shortfall Advances, proceeds of rental 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 shall only 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) and grants and other amounts received under contracts or agreements with governmental or private entities and permitted to be applied as Revenues, but not including funds to be deposited or retained in or earnings on the moneys held in the M & O Fund, the Reserve Account, the Rebate Fund, any Net Proceeds, or proceeds from borrowings (including the Federal Loan), or any amounts expended by the Railroads for the maintenance and operation expenses for the Non-Rail Components or the Drill Track (as such terms are defined in the Operating Agreement).

"*Second Subordinate Lien Bonds*" means any Bonds, in one or more Series, which rank junior and subordinate to the Senior Lien Bonds, the First Subordinate Lien Bonds and the Federal Loan. Such Second Subordinate Lien Bonds may be Notes that are part of a commercial paper program. The Series 2016B Bonds and the Series 2022C Bonds are Second Subordinate Lien Bonds.

"Second Supplemental Indenture" means the Second Supplemental Trust Indenture dated as of January 1, 1999, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Senior Lien Bonds*" means any Bonds, in one or more Series, which have the highest rank and a first priority on the Trust Estate and are senior and superior to the Federal Loan. Such Senior Lien Bonds may be Notes that are part of a commercial paper program. The Series 1999A Bonds, the Series 1999C Bonds, the Series 2012 Bonds, the Series 2022A and the Series 2022B Bonds are Senior Lien Bonds.

"*Series*" means Bonds designated as a separate Series by a Supplemental Indenture.

"*Series 1999 Bonds*" means the Series 1999A Bonds, the Series 1999B Bonds, the Series 1999C Bonds and the Series 1999D Bonds.

"*Series 1999A Bonds*" means the "Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Bonds, Series 1999A" authorized pursuant to the Master Indenture and the First Supplemental Resolution dated as of January 1, 1999.

"*Series 1999B Bonds*" means the "Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 1999B," authorized pursuant to the Master Indenture and the Second Supplemental Trust Indenture dated as of January 1, 1999.

"*Series 1999C Bonds*" means the "Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Bonds, Series 1999C," authorized pursuant to the Master Indenture and the Third Supplemental Trust Indenture dated as of January 1, 1999.

"*Series 1999D Bonds*" means the "Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 1999D," authorized pursuant to the Master Indenture and the Fourth Supplemental Trust Indenture dated as of January 1, 1999.

"*Series 2004A Bonds*" means the "Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A" authorized pursuant to the Master Indenture and the Sixth Supplemental Trust Indenture dated as of February 1, 2004.

"*Series 2004B Bonds*" means the "Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B" authorized pursuant to the Master Indenture and the Seventh Supplemental Trust Indenture dated as of February 1, 2004.

"*Series 2004 Bonds*" means the Series 2004A Bonds and the Series 2004B Bonds.

"*Series 2012 Bonds*" means the "Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Refunding Bonds, Series 2012" authorized pursuant to the Master Indenture and the Eighth Supplemental Trust Indenture dated as of June 1, 2012.

"*Series 2012 Lender*" means the United States Department of Transportation, acting through the Administrator of the Federal Railroad Administration or any subsequent registered owner of the Series 2012 Bonds.

"*Series 2013A Bonds*" means the "Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2013A," authorized pursuant to the Master Indenture and the Ninth Supplemental Trust Indenture dated as of February 1, 2013.

"*Series 2016 Bonds*" means the Series 2016A Bonds and the Series 2016B Bonds.

"*Series 2016A Bonds*" means "Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A" authorized pursuant to the Master Indenture and the Tenth Supplemental Trust Indenture dated as of May 1, 2016.

"*Series 2016B Bonds*" means the "Alameda Corridor Transportation Authority Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B" authorized pursuant to the Master Indenture and the Eleventh Supplemental Trust Indenture dated as of May 1, 2016.

"*Series 2022 Bonds*" means the Series 2022A Bonds, the Series 2022B Bonds, and the Series 2022C Bonds.

"*Series 2022A Bonds*" means "Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2022A" authorized pursuant to the Master Indenture and the Twelfth Supplemental Trust Indenture dated as of July 1, 2022.

"*Series 2022B Bonds*" means "Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Refunding Bonds, Series 2022B" authorized pursuant to the Master Indenture and the Thirteenth Supplemental Trust Indenture dated as of July 1, 2022.

"*Series 2022C Bonds*" means "Alameda Corridor Transportation Authority Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2022C" authorized pursuant to the Master Indenture and the Fourteenth Supplemental Trust Indenture dated as of July 1, 2022.

"*Series 2024 Bonds*" means the Series 2024A Bonds, the Series 2024B Bonds, the Series 2024C, and the Series 2024D Bonds.

"*Series 2024A Bonds*" means "Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A" authorized pursuant to the Master Indenture and the Fifteenth Supplemental Trust Indenture dated as of February 1, 2024.

"*Series 2024A Costs of Issuance Fund*" means the fund by that name created pursuant to the Fifteenth Supplemental Indenture and into which money shall be deposited to pay Costs of Issuance with respect to the Series 2024A Bonds.

"*Series 2024A Debt Service Fund*" means the fund by that name created pursuant to the Fifteenth Supplemental Indenture and into which money shall be deposited to pay debt service on the Series 2024A Bonds.

"*Series 2024A Debt Service Reserve Account*" means the account by that name created in the Debt Service Reserve Fund pursuant to the Fifteenth Supplemental Indenture.

"*Series 2024A Rebate Fund*" means the fund by that name created and maintained pursuant to the Fifteenth Supplemental Indenture and to which any earning which are subject to a federal tax or rebate requirements, as provided in the Tax Certificate, will be deposited.

"*Series 2024B Bonds*" means "Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Refunding Bonds, Series 2024B" authorized pursuant to the Master Indenture and the Sixteenth Supplemental Trust Indenture dated as of February 1, 2024.

"*Series 2024B Costs of Issuance Fund*" means the fund by that name created pursuant to the Sixteenth Supplemental Indenture and into which money shall be deposited to pay Costs of Issuance with respect to the Series 2024B Bonds.

"*Series 2024B Debt Service Fund*" means the fund by that name created pursuant to the Sixteenth Supplemental Indenture and into which money shall be deposited to pay debt service on the Series 2024B Bonds.

"*Series 2024B Debt Service Reserve Account*" means the account by that name created in the Debt Service Reserve Fund pursuant to the Sixteenth Supplemental Indenture.

"*Series 2024C Bonds*" means "Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C" authorized pursuant to the Master Indenture and the Seventeenth Supplemental Trust Indenture dated as of February 1, 2024.

"*Series 2024C Costs of Issuance Fund*" means the fund by that name created pursuant to the Seventeenth Supplemental Indenture and into which money shall be deposited to pay Costs of Issuance with respect to the Series 2024C Bonds.

"*Series 2024C Debt Service Fund*" means the fund by that name created pursuant to the Seventeenth Supplemental Indenture and into which money shall be deposited to pay debt service on the Series 2024C Bonds.

"*Series 2024C Debt Service Reserve Account*" means the account by that name created in the Debt Service Reserve Fund pursuant to the Seventeenth Supplemental Indenture.

"*Series 2024C Rebate Fund*" means the fund by that name created and maintained pursuant to the Seventeenth Supplemental Indenture, and to which any earning which are subject to a federal tax or rebate requirements, as provided in the Tax Certificate, will be deposited.

"*Series 2024D Bonds*" means "Alameda Corridor Transportation Authority Taxable Subordinate Revenue Refunding Bonds, Series 2024D" authorized pursuant to the Master Indenture and the Eighteenth Supplemental Trust Indenture dated as of February 1, 2024.

"*Series 2024D Costs of Issuance Fund*" means the fund by that name created pursuant to the Eighteenth Supplemental Indenture and into which money shall be deposited to pay Costs of Issuance with respect to the Series 2024D Bonds.

"*Series 2024D Debt Service Fund*" means the fund by that name created pursuant to the Eighteenth Supplemental Indenture and into which money shall be deposited to pay debt service on the Series 2024D Bonds.

"*Series 2024D Debt Service Reserve Account*" means the account by that name created in the Debt Service Reserve Fund pursuant to the Eighteenth Supplemental Indenture.

"*Seventh Supplemental Indenture*" means the Seventh Supplemental Trust Indenture dated as of February 1, 2004, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Seventeenth Supplemental Indenture*" means the Seventeenth Supplemental Trust Indenture dated as of February 1, 2024, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Shortfall Advances*" means the payments by that name more particularly defined and described in the Operating Agreement which the Ports are obligated to pay to the Authority pursuant to the Operating Agreement.

"*Sixth Supplemental Indenture*" means the Sixth Supplemental Trust Indenture dated as of February 1, 2004, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Sixteenth Supplemental Indenture*" means the Sixteenth Supplemental Trust Indenture dated as of February 1, 2024, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Standard & Poor's*" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc., its successors and assigns.

"*Substantial Completion*" shall have the meaning ascribed to such term in the Operating Agreement. The Authority shall certify in writing to the Trustee the date of Substantial Completion at the time Substantial Completion occurs.

"*Supplemental Indenture*" means any document supplementing or amending the Master Indenture or providing for the issuance of Bonds and entered into as provided in the Master Indenture.

"*Swap*" means any financial arrangement in effect or to be in effect between the Authority and a Swap Provider which arrangement provides, with respect to certain designated Bonds that each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on the designated indebtedness, and payable from time to time or at a designated time or times. The Bond Insurer for the Series 2004 Bonds and the Series 1999 Bonds shall have the right to approve any Swap applicable to a Series of Bonds that it insures.

"*Swap Provider*" means the provider of a Swap pursuant to a contract that is rated in one of the two highest rating categories therefor.

"*Synthetic Fixed Rate Debt*" means Variable Rate Indebtedness issued by the Authority which: (i) is combined with a Swap that creates a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (ii) consists of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"*Tax Certificate*" means the Tax and Nonarbitrage Certificate executed by the Authority, dated the date of issuance of the Series 2024A Bonds and the Series 2024C Bonds.

"*Tax-Exempt Bonds*" means any Bonds the interest on which is excluded from gross income for federal income tax purposes under the Code.

"*Tender Indebtedness*" means any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the Authority, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

"*Tenth Supplemental Indenture*" means the Tenth Supplemental Trust Indenture dated as of May 1, 2016, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

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

"*Third Supplemental Indenture"* means the Third Supplemental Trust Indenture dated as of January 1, 1999, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Thirteenth Supplemental Indenture*" means the Eleventh Supplemental Trust Indenture dated as of July 1, 2022, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Trust Estate*" means all of the moneys and rights described as such in the Granting Clause of the Master Indenture.

"*Trustee*" means U.S. Bank Trust Company, National Association (as successor in trust to U.S. Bank National Association), until a successor replaces it and, thereafter, means such successor.

"*Twelfth Supplemental Indenture*" means the Twelfth Supplemental Trust Indenture dated as of July 1, 2022, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

"*Underwriter*" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"*United States Obligations*" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America. "United States Obligations" shall include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Trust Corporation securities.

"*Use Fees*" means the fees by that name more particularly defined and described in the Operating Agreement which the Railroads are obligated to pay to the Authority as set forth in the Operating Agreement.

"*Variable Rate Indebtedness*" means any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity. Variable Rate Indebtedness shall include Bonds which bear a fixed rate of interest and which are combined with a Swap that creates an interest rate for the payment of such Bonds that is not fixed to maturity.

The Master Indenture

The following is a summary of certain provisions of the Master Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Indenture.

Granting Clause; Pledge of Revenues

To secure the payment of the interest, principal or Accreted Value and premium, if any, on the Bonds and the Federal Loan and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied in the Master Indenture or contained in the Bonds, the Authority pledges the Revenues and assigns to the Trustee and grants to the Trustee for the benefit of the owners of the Bonds and the Federal Lender, liens on and security interests in all right, title and interest of the Authority in and to all moneys, instruments, and rights to which the Authority is entitled relating to the Project and to the construction, use or operation thereof, including the following (all of which collectively shall be deemed to be the "Trust Estate" under the Master Indenture): (a) the Revenues, subject to application as provided in the Master Indenture, (b) with respect to the Federal Lender, moneys and securities held in the Federal Loan Fund, and with respect to the owners of any Bonds, all moneys and securities held from time to time by the Trustee or any Paying Agent in the funds or accounts held thereunder or in any funds and accounts created pursuant to a Supplemental Indenture (other than any Rebate Fund), (c) earnings on amounts included in provisions (a) and (b) above, (d) the Authority's rights to payment or otherwise under the Operating Agreement, the Permit, the Design-Build Contract and other contracts, agreements, memoranda of understanding, instruments, documents, 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 Operating Agreement (including the Ports or the Railroads) or otherwise arising from the Project or the construction, use or operation thereof, (f) Net Proceeds, (g) the proceeds of any business interruption insurance or other insurance relating to the Project or 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 hereafter be pledged or assigned to the Trustee as additional security thereunder, which liens and security interests shall be (i) a first and senior priority for the benefit of the owners of the Senior Lien Bonds, (ii) a second priority for the benefit of the Federal Lender, (iii) a third priority for the benefit of the owners of the First Subordinate Lien Bonds, and (iv) a fourth priority for the benefit of the owners of the Second Subordinate Lien Bonds; but provided that funds deposited in the M & O Fund and funds in the Reserve Account shall not be pledged to or secure payment of the Bonds or the Federal Loan. Any additional security, including any Credit Facility, provided for specific Bonds or a specific Series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds or Series of Bonds and, therefore, shall not be included as security for all Bonds under the Master Indenture, and moneys and securities held in trust as provided in the Master Indenture exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under the Master Indenture relating to defeasance of the Bonds shall be held solely for the payment of such specific Bonds.

Assignment of Moneys and Rights

The Authority assigns, and transfers to the Trustee, without recourse, all of its rights in the Trust Estate and any other rights or remedies granted to the Authority, including, without limitation, rights and remedies against the Ports and the Railroads, provided that the Trustee's exercise of any rights and remedies under the Operating Agreement shall not impair either of the 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 Operating Agreement.

Bonds Secured by Pledge and Lien on Revenues

The Senior Lien Bonds shall be secured by a pledge of Revenues and a first lien on the Trust Estate. The Authority represents and states that it has not previously created any pledge, charge or lien on or any security interest in the Trust Estate prior to or on a parity with the lien on the Senior Lien Bonds, and the Authority covenants that, until all the Senior Lien Bonds authorized and issued under the provisions of the Master Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as specifically provided in the Master Indenture, grant any prior or parity pledge of or any lien on or security interest in the Trust Estate or any of the other security which is pledged or given pursuant to the Granting Clause of the Master Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Senior Lien Bonds from time to time Outstanding under the Master Indenture.

The First Subordinate Lien Bonds shall be junior and subordinate in all respects to the Senior Lien Bonds and shall be secured by a pledge of Revenues and shall be secured by and have a priority with respect to the Trust Estate as is set forth in the Granting Clause of the Master Indenture. The Authority covenants that except as provided in the Master Indenture, until all of the First Subordinate Lien Bonds authorized and issued under the Master Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge or lien on or security interest in the Trust Estate of the same priority level for the First Subordinate Lien Bonds as is set forth in the Granting Clause of the Master Indenture.

The Second Subordinate Lien Bonds shall be junior and subordinate in all respects to the Senior Lien Bonds and the First Subordinate Lien Bonds and shall be secured by a pledge of Revenues and shall be secured by and have a priority with respect to the lien on the Trust Estate as is set forth in the Granting Clause of the Master Indenture. The Authority covenants that except as provided in the Master Indenture, until all of the Second Subordinate Lien Bonds authorized and issued under the Master Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge or lien on or security interest in the Trust Estate of the same priority level for Second Subordinate Lien Bonds as is set forth in the Granting Clause of the Master Indenture.

Establishment of Funds and Accounts under the Master Indenture

The Master Indenture establishes a Revenue Fund, a Reserve Account, an M & O Fund, a Federal Loan Fund and a Debt Service Reserve Fund, consisting of a Debt Service Reserve Account for each Series of Bonds to be established pursuant to the Supplemental Indenture for such Series. The Master Indenture further provides that at the time of the issuance of any Series of Bonds which are to be used to pay Costs of the Project, there shall be created a Construction Fund for such Series pursuant to the Supplemental Indenture.

The Master Indenture provides that at the time of the issuance of each Series of Bonds, the Authority shall create a Debt Service Fund for such Series and within each such Debt Service Fund an Interest Payment Account and a Principal Payment Account, all of which shall be maintained, disbursed and accounted for in accordance with the provisions of the Master Indenture. The Master Indenture permits the Authority, at the time of issuance of each Series of Bonds, to create a Capitalized Interest Fund for the applicable Series, which shall be maintained, disbursed and accounted for in accordance with the Supplemental Indenture providing for the issuance of such Series of Bonds. Each Debt Service Fund and Capitalized Interest Fund shall be held by the Trustee. In addition, to provide for the redemption of any Bonds which are subject to optional or mandatory redemption, including Mandatory Sinking Account Payments, the Trustee or a Paying Agent, as applicable, shall, if required in the applicable Supplemental Indenture, establish within each Debt Service Fund it holds an account designated the "Redemption

Account" which shall be maintained, disbursed and accounted for in accordance with the provisions of the Master Indenture. The Master Indenture also permits the establishment of additional funds, accounts and subaccounts for a particular Series of Bonds pursuant to the Supplemental Indenture.

Deposits into Debt Service Funds; Withdrawals from Debt Service Funds

The Trustee shall, at least ten Business Days prior to each Principal Payment Date or Interest Payment Date on any Current Interest Bonds, or as otherwise directed in any Supplemental Indenture, give the Authorized Authority Representative notice by telephone, promptly confirmed in writing, of the full amount required to be deposited with the Trustee to pay the amount required to be paid on such Principal Payment Date or Interest Payment Date in respect of such Bonds, if the amount then on deposit in the respective Debt Service Fund therefor is insufficient to pay the amounts due on such Bonds on such Principal Payment Date or Interest Payment Date. If, on any Principal Payment Date or Interest Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available in the respective Debt Service Reserve Accounts) to pay in full with respect to Bonds of all Series of the same priority all amounts of principal and/or interest or the Final Compounded Amount due on such date, the Trustee shall allocate the total amount which is available to make payment on such date (without regard to any amounts in the respective Debt Service Reserve Account) as follows: first to the payment of past due interest on Bonds of any Series of the same priority, in the order in which such interest came due, then to the payment of past due principal on Bonds of any Series of the same priority, in the order in which such principal came due, then to the payment of interest then due and payable on the Bonds of each Series of the same priority due on such payment date and, if the amount available shall not be sufficient to pay in full all interest on the Bonds of the same priority then due, then *pro rata* among the Series of the same priority according to the amount of interest then due and second to the payment of principal and the Final Compounded Amount then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal and the Final Compounded Amount on the Bonds then due, then *pro rata* among the Series according to the principal amount and the Final Compounded Amount then due on the Bonds.

On or before each Interest Payment Date for any Outstanding Series of Current Interest Bonds, the Trustee shall transfer from the Debt Service Fund to the Interest Account for such Series an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to make the interest payment due on such Current Interest Bonds on such Interest Payment Date. On or before each Principal Payment Date for any Outstanding Series of Bonds, including any mandatory redemption date from Mandatory Sinking Account Payments for Term Bonds of a Series of Bonds, the Trustee shall transfer from the Debt Service Fund to the Principal Account for such Series an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to make the principal or the Final Compounded Amount payment due on such Bonds on such Payment Date.

On or before each date on which Bonds of any Series shall become subject to optional or mandatory redemption (other than from Mandatory Sinking Account Payments) in accordance with the provisions of any Supplemental Indenture, the Trustee shall pay the principal and Accreted Value of, redemption premium, if any, and interest on each Series of Bonds on the redemption dates therefor as established under the applicable Supplemental Indenture. All money remaining in a Debt Service Fund on the final payment or maturity date for a Series of Bonds, in excess of the amount required to make provisions for the payment in full of principal or Accreted Value of, redemption premium, if any, and interest payable on such Bonds or the payment of amounts required to be rebated, pursuant to the Code, to the United States of America with respect such Bonds, shall be deposited in the Revenue Fund.

No deposit need be made into the respective Debt Service Fund for any Series of Bonds if (i) and to the extent there shall be moneys on deposit in the Interest Account or the related Capitalized Interest Fund from the proceeds of the corresponding Series of Bonds reserved as capitalized interest to be used to pay interest thereon on the next Interest Payment Date, and (ii) the amount contained therein is at least equal to the estimated interest to become due and payable on the Interest Payment Dates falling within the next six months upon such Series of Bonds then Outstanding, and (iii) there shall be in such Debt Service Fund moneys sufficient to pay the principal and Final Compounded Amount of such Series of Bonds then Outstanding and maturing by their terms or subject to mandatory redemption within the next twelve months.

Debt Service Reserve Fund

Each Supplemental Indenture providing for the issuance of a Series of Bonds shall require as a condition of issuance that an amount and/or a Debt Service Reserve Surety Policy be deposited in the Debt Service Reserve Account for such Series so that, together with any Debt Service Reserve Surety Policy, the amount on deposit in such Debt

Service Reserve Account will be equal to the Debt Service Reserve Requirement for such Series. Any cash to be deposited in a Debt Service Reserve Account may be derived from proceeds of the related Series of Bonds or any other legally available source of funds. Moneys held in each Debt Service Reserve Account and any subaccounts therein shall be used for the purpose of paying principal and interest or the Final Compounded Amount on Outstanding Bonds of the related Series of Bonds.

A Debt Service Reserve Surety Policy shall be acceptable in lieu of a deposit of cash or securities into a Debt Service Reserve Account, or may be substituted for amounts on deposit in a Debt Service Reserve Account, only if at the time of such deposit (i) such Debt Service Reserve Surety Policy extends to the maturity of the related Series of Bonds, or if the Authority has agreed by Supplemental Indenture that it will replace such Debt Service Reserve Surety Policy prior to its expiration with another Debt Service Reserve Surety Policy which shall have no adverse effect on the ratings, if any, then in effect on the Bonds, or with cash; (ii) the face amount of the Debt Service Reserve Surety Policy, together with amounts on deposit in the Debt Service Reserve Account, including the face amount of any other Debt Service Reserve Surety Policy benefiting such account, is at least equal to the Debt Service Reserve Requirement for the related Series of Bonds; and (iii) the Bond Insurer for the Series 1999 Bonds consents to the provider of any Debt Service Reserve Surety Policy for any Series 1999 Bonds that it insures.

Moneys held in each Debt Service Reserve Account shall be used for the purpose of paying the Final Compounded Amount of, and principal of and interest (including Mandatory Sinking Account Payments for any Current Interest Bonds or any Capital Appreciation Bonds) on the related Series of Bonds as follows. If, on any Principal or Interest Payment Date for any Current Interest Bonds or the date on which the Final Compounded Amount is due for any Capital Appreciation Bonds, the amounts in the related Debt Service Fund available therefor are insufficient to pay in full the amount then due on such Bonds, moneys held in the related Debt Service Reserve Account shall be used and withdrawn by the Trustee for the payment of the Final Compounded Amount, and principal and interest then due and payable thereon. If amounts in a Debt Service Reserve Account consist of both cash and one or more Debt Service Reserve Surety Policies, the Trustee shall make any required payments from amounts in such Debt Service Reserve Account first from any cash held or invested in such Debt Service Reserve Account, prior to making a draw upon any such Debt Service Reserve Surety Policies. In addition, any moneys in a Debt Service Reserve Account may be used to repay a Debt Service Reserve Surety Repayment Obligation.

The Trustee shall annually, prior to October 1 of each year and at such other times as the Authority shall request, value the Debt Service Reserve Fund (including the separate Debt Service Reserve Accounts therein) on the basis of the current market value thereof, provided that cash investments shall be marked to market. For purposes of determining the amounts on deposit in the Debt Service Reserve Fund, any Debt Service Reserve Surety Policy held by, or the benefit of which is available to, the Trustee in connection with any Debt Service Reserve Account shall be deemed to be a deposit in the face amount of the Debt Service Reserve Surety Policy or the stated amount of the Debt Service Reserve Surety Policy, provided, that, if the amount available under a Debt Service Reserve Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Debt Service Reserve Surety Policy and not reinstated or another Debt Service Reserve Surety Policy provided, then, in valuing the relevant Debt Service Reserve Account, the value of such Debt Service Reserve Surety Policy shall be reduced accordingly. Upon each such valuation, the Trustee shall prepare a written certificate setting forth the Debt Service Reserve Requirement for each Debt Service Reserve Account as of such valuation date and the value of each Debt Service Reserve Account and deliver a copy thereof to the Authority. If, upon any valuation of the Debt Service Reserve Accounts, the value of any Debt Service Reserve Account exceeds the Debt Service Reserve Requirement for the corresponding Series of Bonds then Outstanding, the amount in excess of the Debt Service Reserve Requirement may upon the written election of the Authority, be deposited in the corresponding Debt Service Fund for the related Series of Bonds, unless an Event of Default exists under the Indenture, in which event the excess amount shall be retained in such Debt Service Reserve Account. If, upon any valuation of a Debt Service Reserve Account at cost value, the value is less than the applicable Debt Service Reserve Requirement, the Authority shall replenish such amounts within twelve (12) months after the date of such valuation, in accordance with the provisions of the Master Indenture described in paragraphs SECOND, SIXTH and NINTH of the Flow of Funds.

Any moneys in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized Authority Representative in Permitted Investments. Investments in the Debt Service Reserve Fund shall not have maturities that extend beyond ten years from the date of the investment (except for investment agreements with respect to a Debt Service Reserve Account in excess of the corresponding Debt Service Reserve Requirement which are approved by the Bond Insurer (if any) for the related series of Bonds so long as the related Bond Insurance Policy issued by such Bond Insurer is in effect); provided that no such investment in any Debt Service Reserve Account may have a maturity in excess of the final maturity date of the related Series of Bonds. Earnings on each Debt Service Reserve Account, to the extent not required to be transferred to a Rebate Fund, shall be (i) transferred to the respective Capitalized Interest Fund for the related Series of Bonds or (ii) transferred to the Debt Service Fund for such Series of Bonds to be applied as a credit against the Authority's obligation to make its next interest payments; in each case only if no amount has been withdrawn from the related Debt Service Reserve Account as a result of a prior deficiency in any Debt Service Fund and such withdrawal has not been repaid.

All money remaining in the Debt Service Reserve Account on the final payment date of the related Series of Bonds in excess of the amount required to make provisions for the payment in full of the interest and/or the principal or Final Compounded Amount of all such Bonds shall be transferred to the Revenue Fund.

Receipt and Deposit of Revenues; Payments from Revenue Fund

The Authority covenants and agrees that so long as any Bonds are Outstanding, all Revenues shall be paid by the Railroads, the Ports or any third parties directly to the Trustee and deposited pursuant to in the Revenue Fund and shall, immediately upon receipt thereof, become subject to the lien thereon and pledge of the Master Indenture. Such sums shall be set aside through transfers or payments from the Revenue Fund and made by the Trustee at such times and subject to the limitations set forth below in the order of priority described previously in this Official Statement (for purposes of this SUMMARY OF CERTAIN PRINCIPAL DOCUMENTS, the "Flow of Revenue Funds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Flow of Funds" in the front of this Official Statement.

With respect to the Revenue Fund, the Master Indenture provides that promptly after the end of each Bond Year following Substantial Completion the Authority shall perform a final accounting of the Revenues paid from the Flow of Revenue Funds and shall prepare a projection of the Revenues to be available during the ensuing Bond Year to make the payments required pursuant to FIRST through TWELFTH of the Flow of Revenue Funds, calculated by the Authority in accordance with the Master Indenture and generally accepted accounting principles (the "Annual Accounting"). If the Authority determines that there are Revenues from Use Fees and Container Charges remaining at the end of the Bond Year then ended, after payment of the amounts required pursuant to FIRST through TWELFTH of the Flow of Revenue Funds (the "Existing Excess Revenues"), the Authority shall make provision from the Existing Excess Revenues for any payments due with respect to FIRST through TWELFTH during the commencing Bond Year that are not anticipated to be covered by Use Fees and Container Charges during such Bond Year, based upon the projection contained in the applicable Annual Accounting, and thereafter any Existing Excess Revenues shall be applied to the extent of Existing Excess Revenues first to pay the amounts then outstanding pursuant to THIRTEENTH, FOURTEENTH, FIFTEENTH and SIXTEENTH of the Flow of Revenue Funds, applicable to the Bond Year that then ended.

Nothing in the Master Indenture shall preclude the Authority from making the payments described in subparagraphs FIRST through SEVENTEENTH of the Flow of Revenue Funds from sources other than Revenues. In addition, Revenues derived from Shortfall Advances shall be applied only to make the payments required in Paragraphs FIRST through TENTH of the Flow of Revenue Funds.

Debt Service Payment Requirement and Debt Service Reserve Fund Replenishment Payments for Senior Lien Bonds

The timing of certain debt service payments for the Senior Lien Bonds and the timing of the payments to replenish the Debt Service Reserve Accounts and to pay any Debt Service Reserve Surety Repayment Obligations for Senior Lien Bonds are governed by the definitions set forth in the following two paragraphs. The timing of the debt service payments for the First Subordinate Lien Bonds and the Second Subordinate Lien Bonds and the timing of the payments to replenish the Debt Service Reserve Accounts and to pay any Debt Service Reserve Surety Repayment Obligations for First Subordinate Lien Bonds or Second Subordinate Lien Bonds is provided for in the Flow of Revenue Funds as previously described in this Official Statement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Flow of Funds" in this Official Statement.

The "Debt Service Payment Requirement" for the Senior Lien Bonds shall be the amounts consisting of (A)(i) with respect to the Outstanding Current Interest Senior Lien Bonds (except for Senior Lien Bonds constituting Variable Rate Indebtedness) one sixth (1/6) of such amounts as shall be sufficient, if deposited, on a monthly *pro rata* basis to pay the aggregate amount of interest becoming due and payable on the next Interest Payment Date for all such Outstanding Current Interest Senior Lien Bonds (excluding any interest for which there are moneys deposited in the Debt Service Funds or Capitalized Interest Funds from the proceeds of Senior Lien Bonds or other source and reserved as capitalized interest to pay such interest until the next Interest Payment Date), until the requisite amount of interest becoming due on the next Interest Payment Date on all such Outstanding Current Interest Senior Lien Bonds (except for such Senior Lien Bonds constituting Variable Rate Indebtedness) is on deposit in such account, and (ii) the aggregate amount of interest, estimated by an Authorized Authority Representative in his or her reasonable judgment, to accrue during that month on the Outstanding Variable Rate Indebtedness of such Senior Lien Bonds; provided, however, that the amounts of such deposits into the Debt Service Funds for any month may be reduced by the amount by which the deposit in the prior month for interest estimated to accrue on Outstanding Variable Rate Indebtedness of Senior Lien Bonds exceeded the actual amount of interest accrued during that month on said Outstanding Variable Rate Indebtedness of Senior Lien Bonds and further provided that the amounts of such respective deposits into the Debt Service Funds for any month shall be increased by the amount by which the respective deposits in the prior month for interest estimated to accrue on Outstanding Variable Rate Indebtedness of Senior Lien Bonds was less than the actual amounts of interest accrued during that month on said Outstanding Variable Rate Indebtedness of Senior Lien Bonds, and (B)(i) one-sixth (1/6) of the aggregate semi-annual amount of any Senior Lien Bond becoming due and payable on Outstanding Senior Lien Bonds having semi-annual maturity dates or semi-annual Mandatory Sinking Account Payments due within the next six months, plus (ii) one-twelfth (1/12) of the aggregate yearly amount of any Senior Lien Bond to become due and payable on the Outstanding Senior Lien Bonds having annual maturity dates or annual Mandatory Sinking Account Payments due within the next twelve months; provided that if the Board irrevocably determines by resolution that any principal payments on the Senior Lien Bonds shall be refunded on or prior to their respective due dates or paid from amounts on deposit in a Debt Service Reserve Account established and maintained for any Series of Senior Lien Bonds, no amounts need be set aside toward such principal to be so refunded or paid. If, during the twelve-month period (or six month period with respect to such Senior Lien Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding a Mandatory Sinking Account Payment date, the Authority has purchased Term Bonds of such Series and maturity subject to such Mandatory Sinking Account Payment with moneys in the Debt Service Funds or, during said period and prior to giving said notice of redemption, Term Bonds of such Series of Senior Lien Bonds and maturity have been deposited with the Trustee or fiscal agent for such Senior Lien Bonds for cancellation, or Term Bonds of such Series of Senior Lien Bonds and maturity were at any time purchased or redeemed (other than from Mandatory Sinking Account Payments) by the Trustee or fiscal agent for such Series of Senior Lien Bonds from the Redemption Fund, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce amounts required to be deposited in the Debt Service Funds. All Term Bonds purchased from the Debt Service Funds or deposited by the Authority with the Trustee or Paying Agent for such Series of Senior Lien Bonds shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series of Senior Lien Bonds and maturity of Term Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series of Senior Lien Bonds and maturity of Term Bonds as may be specified in a written instruction of the Authority. All Term Bonds redeemed by the Trustee or Paying Agent for such Series of Senior Lien Bonds from amounts in the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series of Senior Lien Bonds and maturity of Term Bonds as may be specified in a written request of the Authority.

The "Debt Service Reserve Fund Replenishment Payment" for Senior Lien Bonds shall be (i) one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal of moneys from such Debt Service Reserve Account(s) until the balance in such Debt Service Reserve Account(s) is at least equal to the applicable Debt Service Reserve Requirement and (ii) one-twelfth (1/12) of any Debt Service Reserve Surety Repayment Obligation until the aggregate amount of such Debt Service Reserve Surety Repayment Obligation is fully repaid. Such Debt Service Reserve Fund Replenishment Payments shall first be applied to pay any Debt Service Reserve Surety Repayment Obligation until all such Debt Service Reserve Surety Repayment Obligations have been repaid, and then to make deposits of moneys into the Debt Service Reserve Accounts established for the Senior Lien Bonds. If there shall be a deficiency of moneys available to make Debt Service Reserve Fund Replenishment Payments, then available moneys shall be applied on a pro rata basis with respect to each Debt Service Reserve Account.

Money set aside and placed in the Debt Service Funds for the Bonds shall remain therein until from time to time expended for the aforesaid purposes thereof and shall not be used for any other purpose whatsoever, except that any such money so set aside and placed in the Debt Service Funds may be temporarily invested as provided in the Master Indenture but such investment shall not affect the obligation of the Authority to cause the full amount required to be available in the Debt Service Funds at the time required to meet payments of the Accreted Value or principal of and interest on Bonds for which it is accumulated.

Other Funds and Accounts in the Master Indenture

The Reserve Account. Subject to the priorities for the application of Revenues set forth in the Master Indenture and the terms of the Operating Agreement, the Trustee shall transfer from available Revenues in the Revenue Fund, any amounts required to be transferred into the Reserve Account at the times specified pursuant to the Flow of Revenue

Funds. No funds derived from Shortfall Advances shall be deposited in the Reserve Account. It is intended that the Reserve Account shall be a revolving fund such that the annual transfers into the Reserve Account shall be in an amount to meet the Reserve Account Target to the extent of available Revenues. Moneys in the Reserve Account shall be used and disbursed up to the amount available in the Reserve Account to pay the obligations specified in the Operating Agreement. The Trustee shall make payments or disbursements from the Reserve Account upon receipt from the Authority of a Requisition signed by an Authorized Authority Representative. The Reserve Account shall be funded over time in accordance with the Operating Agreement from the Use Fees and Container Charges remaining each year after payment of the amounts in paragraphs FIRST through TENTH of the Flow of Revenue Funds until the Reserve Account reaches (or is restored to) the then current Reserve Account Target. See "-OPERATING AGREEMENT" hereto for a description of the funding of and withdrawals from the Reserve Account.

Construction Funds. Each Construction Fund shall be held by the Trustee as provided in the Master Indenture and applicable Supplemental Indenture. All moneys in each Construction Fund shall be (i) held and disbursed to pay Costs of the Project pursuant to the Master Indenture or (ii) transferred to one or more Debt Service Funds for any Series of Bonds pursuant to written instructions of an Authorized Authority Representative. As a condition to any transfer from a Construction Fund to a Debt Service Fund there shall be provided to the Trustee an opinion of Bond Counsel to the effect that such transfer will not cause the interest on any Tax-Exempt Bonds to be taxable for federal income tax purposes.

M & O Fund. The Authority shall cause the Railroads to pay directly to the Trustee for deposit in the M & O Fund all M & O Charges due under the Operating Agreement, as such amounts are certified to the Trustee by an Authorized Authority Representative. Such funds in the M & O Fund shall be applied at such times and in such amounts pursuant to Requisitions therefor as may be necessary to pay the annual costs of operating, maintaining and repairing the Rail Corridor and the Port-Owned Tracks (each as defined in the Operating Agreement), as such annual costs of the Project are more particularly identified and described in the Operating Agreement.

Federal Loan Fund. From funds deposited in the Federal Loan Fund, on each April 1 and October 1 after Substantial Completion, the Trustee shall make the principal and interest payment due on the Federal Loan as required by the Federal Loan Agreement. The amounts to be so paid shall be established pursuant to a certification signed by an Authorized Authority Representative.

Investments

Moneys held by the Trustee in the Debt Service Reserve Fund, the Debt Service Fund, the Construction Funds, the M & O Fund or any other fund or account established and held by the Trustee pursuant to the Master Indenture or any Supplemental Indenture (but not including the Reserve Account) shall be invested and reinvested as directed by the Authority in Permitted Investments, subject (except in the case of the Debt Service Reserve Fund as set forth in the Master Indenture) to any additional restrictions set forth in the Supplemental Indenture creating such fund or account. The Authority shall direct such investments by written certificate (upon which the Trustee may conclusively rely) of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative; in the absence of any such instructions, the Trustee shall, to the extent practicable, invest in money market funds composed of or secured by U.S. Treasury Securities and U.S Government Agency securities which are Permitted Investments. Permitted Investments shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts. The Trustee shall sell and reduce to cash a sufficient amount of any such investments whenever the cash balance in any such funds is insufficient to pay the amounts due therefrom. The Trustee shall not be liable for any loss resulting from its compliance with the written directions of the Authority or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such investments are held. The Trustee may buy or sell any Permitted Investment thereunder through its own (or any of its affiliates') investment department.

The Authority acknowledges in the Master Indenture that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic statements showing all investment transactions made by the Trustee thereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee thereunder.

Earnings on the various funds and accounts created under any Supplemental Indenture shall be deposited as provided in such Supplemental Indenture, except that (i) during the continuation of an Event of Default earnings on such funds and accounts (to the extent not required to be deposited in any Rebate Fund) shall be deposited into the Debt Service Fund created under the respective Supplemental Indenture, and (ii) earnings on the Debt Service Reserve Accounts (to the extent not required to be deposited in a Rebate Fund) shall be applied as described in the Master Indenture.

Covenants of the Authority

Payment of Principal, Accreted Value and Interest. The Authority covenants and agrees that it shall duly and punctually pay or cause to be paid from the Trust Estate and to the extent thereof the principal or Accreted Value of, premium, if any, and interest on every Bond at the place and on the dates and in the manner set forth in the Master Indenture, in the applicable Supplemental Indenture and in the Bonds specified, according to the true intent and meaning thereof, and that it shall faithfully do and perform all covenants and agreements in the Master Indenture and in the Bonds contained, provided that the Authority's obligation to make payment of the principal or Accreted Value of, premium, if any, and interest on the Bonds shall be limited to payment from the Trust Estate and any other source which the Authority may specifically provide for such purpose, and further subject to the limitations and conditions set forth in the Master Indenture. No Bondholder shall have any right to enforce payment from any other funds of the Authority, the Ports or the Railroads.

Construction, Installation and Equipping of Project. Subject to the terms of the Design-Build Contract, the Permit and the Operating Agreement, the Authority shall construct, install and equip or cause to be constructed, installed and equipped, the Project with all practicable dispatch and such construction, installation and equipping shall be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

Maintenance and Operation of Project. Subject to the terms of the Permit and the Operating Agreement, the Authority shall maintain and preserve or cause to be maintained and preserved the Project in good order, condition and repair at all times and shall cause the Project to be operating as a fully equipped and operational rail corridor. Furthermore, the Authority shall operate the Project or cause the Project to be operated so that in no event shall more than 20% of the cargo transported by the Railroads on the Rail Corridor (as defined in the Operating Agreement) in any year move to or from facilities which are not included within the meaning of "port facilities" under Section 142(a)(2) of the Code.

Compliance with Documents; Collection of Revenues. For so long as any Bonds are Outstanding pursuant to their terms:

(a) each of the Authority and the Trustee shall at all times maintain and diligently enforce all their respective rights under the Operating Agreement, the Permit, the Master Indenture, any Supplemental Indenture, the Federal Loan Agreement and all other contracts, instruments and other items in the Trust Estate (subject to and consistent with the assignment of certain rights to the Trustee set forth in the Master Indenture), and shall, subject to the terms of the Master Indenture, promptly, assist in the collection of and prosecute the collection of all receipts, earnings and revenues to which the Authority is entitled to under all of the same and shall promptly and diligently enforce its rights against the Railroads, the Federal Lender, the Ports or other person who does not pay such receipts, earnings and revenues as they become due under all of the same;

(b) the Authority shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might substantially impair or materially adversely affect the liens on or security interests in the Trust Estate or would substantially impair or materially adversely affect in any manner the pledge of Revenues or the liens on or security interests granted in the Trust Estate or the rights of the Bondholders or the Federal Lender; and

(c) the Authority will not alter or modify or agree or consent to alter or modify the Operating Agreement or the Permit unless, it first obtains (i) an opinion of counsel or an opinion of an expert that such proposed amendment will not result in a material impairment of such Bondholders' security for their Bonds or an impairment of the rights of the Federal Lender under the Federal Loan Agreement and provides such opinion to the Trustee; provided, however, that no such opinion is required if the consent of the applicable Bondholders or the Federal Lender, as applicable, is first obtained in accordance with the Master Indenture; and (ii) the consent of the Bond Insurer for the Series 1999 Bonds only with respect to any proposed amendment that would result in a material impairment of the security for the applicable Series of Bonds or materially adversely affect such Bond Insurer's obligations under any Bonds Insurance Policy for the Series 1999 Bonds.

Payment of Claims. In accordance with the terms of the Design-Build Contract, the Permit and the Operating Agreement, and the other contracts and agreements, as applicable, the Authority shall pay and discharge or cause to be paid and discharged any and all lawful claims for labor, materials or supplies which, if unpaid, might become a charge or lien upon the Project or the Trust Estate or any part thereof or which might impair the security of the Bonds or the Federal Loan.

Against Encumbrances. The Authority shall not make any pledge of or place any charge or lien upon the Project or any part thereof or upon the Trust Estate, and, except as provided in the Master Indenture, shall not issue any bonds, notes or obligations payable from Revenues and secured by a pledge of or charge or lien upon Revenues senior or equal to the pledge, charge and liens thereon in favor of the Bonds.

Against Sale or Other Disposition of Project. Except for the purpose of paying the principal or, Accreted Value of, premium (if any) on and interest on the Bonds, the Authority shall not encumber, sell or otherwise dispose of the Project or any part thereof essential to its proper operation or to the maintenance of Revenues. The Authority shall not enter into any agreement which impairs the operation of the Project or any part thereof necessary to secure adequate Revenues for the payment of the interest on, premium (if any) on and principal or Accreted Value of the Bonds, or which would otherwise impair the rights of the holders of the Bonds with respect to Revenues.

Tax Covenant. With respect to the Tax-Exempt Senior Lien Bonds, the Tax-Exempt Subordinate Lien Bonds and any other Bonds issued under the Master Indenture the interest on which is excluded from gross income for federal income tax purposes, the Authority covenants that it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest payable with respect to such Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Certificate (as defined in any Supplemental Indenture relating to such Bonds). This covenant shall survive payment in full or defeasance of such Bonds.

Insurance; Application of Insurance Proceeds

(a) Insurance Following Substantial Completion. Not later than the date of Substantial Completion, the Authority shall obtain or cause to be obtained and shall continuously keep in force for so long as any Bonds are Outstanding the following insurance with respect to the Project:

(i) Property Insurance. The Authority shall maintain or cause to be maintained 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. The Authority shall also obtain coverage 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). Such policy or policies shall have limits of not less than the lesser of (i) maximum probable loss with respect to the Project as determined by Independent insurance consultant; or (ii) the principal amount of all Bonds then Outstanding plus the unpaid balance on the Federal Loan. Each such policy shall contain a clause making all losses payable to the Trustee and the Authority as their interests may appear, and all proceeds thereof shall be paid to the Trustee for the purpose of repairing or replacing the damaged property or redeeming Outstanding Bonds as provided in the Master Indenture. Each such policy shall name the Ports as additional insureds.

(ii) Liability Insurance. The Authority shall maintain or cause to be maintained 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 twenty-five million dollars ($25,000,000) per occurrence. The commercial general liability insurance policy or policies may be subject to deductible clauses customary for such types of insurance policies. As an alternative to obtaining the insurance required by this subsection (b)(ii), the Authority may provide other kinds of insurance or methods or plans of protection including self-insurance, provided that any such alternative is approved by an Independent insurance consultant. Each such policy shall name the Ports as additional insureds.

(iii) Business Interruption Coverage. The Authority shall maintain or cause to be maintained 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 required by subsection (a) above in an amount not less than the total Debt Service payable on all Outstanding Bonds for any period of one (1) year following Substantial Completion. 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 limit set forth in the Operating Agreement. Each such policy shall be in a form reasonably satisfactory to the Trustee and shall contain a clause making all losses payable to the Trustee. Any proceeds of such insurance shall be paid to the Trustee and deposited in the respective Debt Service Funds to be applied in accordance with the Master Indenture. Each such policy shall name the Ports as additional insureds.

(e) <u>Evidence and Payment of Insurance</u>. On October 1 in each year following the year in which Series 1999 Bonds are issued, the Authority shall deliver to the Trustee a schedule setting forth the insurance policies or self-insurance then in effect, the names of the insurers which have issued the policies, the limits of such policies and the property and risks covered thereby. No insurance policy required by the Master Indenture shall be permitted to expire or be canceled so long as any Bonds remain Outstanding under the Master Indenture. Furthermore, each insurance policy required under the Master Indenture shall state that coverage shall not be suspended, voided or canceled by either party, except after 60 days' prior written notice has been given to the Authority.

In accordance with the Operating Agreement, the payment of any premium or deductible with respect to any insurance policy required by subsections (a)(i) and (iii) shall constitute M & O Charges and be paid from amounts deposited in the M & O Fund. The payment of any premium or deductible with respect to any insurance policy required by subsection (a)(ii) shall constitute an Administrative Cost and be paid from Revenues in accordance with the Flow of Revenue Funds or from other available funds of the Authority.

The Trustee shall not be responsible for the adequacy of any insurance provided by the Authority under the Indenture or for the form or content of any insurance provided by the Authority.

Eminent Domain

If all or a portion of the Project is taken by eminent domain proceedings or conveyance in lieu thereof, the Authority shall create a special account entitled the "Net Proceeds Account" and deposit the Net Proceeds received as a result of such taking or conveyance into such account and shall within a reasonable period of time after the receipt of such amounts, use such proceeds to (1) replace the Project or portion thereof that was taken or conveyed, (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 Master Indenture.

Additional Bonds

The Master Indenture permits Bonds, including Refunding Bonds, to be issued from time to time under the Master Indenture for the purpose of providing funds for Costs of the Project, including Bonds to complete the Project, or for the purpose of refunding Bonds previously issued or the Federal Loan, provided that prior to or simultaneously with the original delivery of each such Series of Bonds there shall be filed with the Trustee certain certificates of an Authorized Authority Representative and documents, including but not limited to (i) for Bonds (other than Refunding Bonds) a certificate stating that none of the Events of Default set forth in the Master Indenture have occurred and remain uncured and the Authority is in compliance with certain of the covenants under the Master Indenture, and (ii) an opinion of counsel that no other consents under the Federal Loan or otherwise are required for the issuance of the Bonds.

The Authority has covenanted with the Series 2004 Bond Insurer, the Series 2012 Lender, the Series 2016 Bond Insurer, the Series 2022 Bond Insurer and the Series 2024 Bond Insurer that it will not issue additional Bonds unless it complies with certain requirements and tests as described in the front of this Official Statement. The Master Indenture also permits the issuance of Refunding Bonds (which are either Senior Lien Bonds or First Subordinate Lien Bonds) without requiring that such tests for the issuance of additional Bonds be met if the Bonds being issued are for the purpose of refunding any then Outstanding Bonds and such refunding bonds will be issued to refund Bonds or the Federal Loan of an equal or higher priority level under the Master Indenture, and (1) there is delivered to the Trustee, (A) a certificate of an Authorized Authority Representative showing that Maximum Annual Debt Service (and maximum annual debt service on the Federal Loan, if applicable) after the issuance of such Refunding Bonds of that level of priority will not exceed Maximum Annual Debt Service (and maximum annual debt service on the Federal Loan, if applicable) prior to the issuance of such Refunding Bonds, or (B) in the case of any refunding of the Federal Loan, a certificate of an Authorized Authority Representative showing that the debt service on the Refunding Bonds to be issued will not exceed the debt service on the portion of the Federal Loan to be refunded. Pursuant to the Eighth Supplemental Indenture, the Authority has covenanted with the Series 2012 Lender that, as a further condition to the issuance of Refunding Bonds without the consent of the Series 2012 Lender, there will also be delivered to the Series 2012 Lender a certificate that, following the issuance of such Refunding Bonds either (X) aggregate Debt Service on all Senior Lien Bonds Outstanding through the final maturity of the Series 2012 Bonds shall not be increased, or (Y) Dedicated Revenues, calculated as described in the front of this Official Statement under "SECURITY AND SOURCES OF PAYMENT OF THE BONDS - Additional Bonds - Calculation of Dedicated Revenues," are equal to at least 125% of Debt Service on Senior Lien Bonds in each Bond Year in which a Series 2012 Bond is Outstanding.

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. See "Supplemental Indentures - Amendments to Master Indenture" below.

Defeasance

Bonds or portions thereof (such portions to be in integral multiples of an authorized denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of payment from moneys or Government Obligations held by the Trustee or a Paying Agent for such purpose. When all Bonds which have been issued under the Master Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Indenture by the Authority, including repayment of the Federal Loan or the establishment of alternative arrangements to the Federal Loan Fund for the repayment of the Federal Loan, and further including all necessary and proper fees, compensation and expenses of the Trustee, each Registrar and each Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the Trust Estate and any other assets pledged to or securing the Bonds thereunder shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release the Indenture, shall execute, acknowledge and deliver to the Authority such instruments as shall be requisite to evidence such cancellation, discharge and release and shall assign and deliver to the Authority any property and revenues at the time subject to the Indenture which may then be in the Trustee's possession, except funds or securities in which such funds are invested and are held by the Trustee or a Paying Agent for the payment of the Accreted Value or principal of, premium, if any, and interest on the Bonds or the Federal Loan, if applicable.

A Bond shall be deemed to be paid and for all purposes of the Indenture when payment of the Accreted Value or principal, and interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Bonds and the Indenture or (b) shall have been provided for by irrevocably depositing with the Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient (as verified by an Independent certified public accountant) to make such payments and/or (ii) noncallable Government Obligations, maturing as to Accreted Value or principal, premium (if any) and interest in such amounts and at such times as will ensure (as verified by an Independent certified public accountant) the availability of sufficient moneys to make such payments. At such times as Bonds shall be deemed to be paid under the Indenture, such Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph shall be deemed a payment of such Bonds. Once such deposit shall have been made, the Trustee shall notify all holders of the affected Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Master Indenture. No notice of redemption shall be required at the time of such defeasance or prior to such date as may be required by the Supplemental Indenture under which such Bonds were issued. The Authority may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Indenture under which such Bonds were issued, modify or otherwise change the scheduled date for the redemption or payment of any Bond deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Bonds or the Master Indenture subject to (a) receipt of an approving opinion of Bond Counsel that such action will not adversely affect the tax-exempt status with respect to the interest on any Bond then Outstanding and (b) receipt of a certification of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Bonds. Notwithstanding anything in the Master Indenture regarding defeasance to the contrary, moneys from any trust or escrow established for the defeasance of Bonds may be withdrawn and delivered to the Authority so long as the requirements of subparagraphs (a) and (b) above are met prior to or concurrently with any such withdrawal.

Events of Default

Each of the following events shall constitute and is referred to in the Master Indenture as an "Event of Default":

(a) a failure to pay the principal of any Current Interest Bonds or the Accreted Value of any Capital Appreciation Bonds or premium, if any, on any Series of the Bonds, when the same shall become due and payable at maturity or upon redemption, which failure to pay shall be deemed an Event of Default only with respect to such Series of Bonds and all other Bonds of an equal or lower priority;

(b) a failure to pay any installment of interest on any Series of Current Interest Bonds when such interest shall become due and payable, which failure to pay shall be deemed an Event of Default only with respect to such Series of Current Interest Bonds and all other Current Interest Bonds of an equal or lower priority;

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Indenture, which failure to pay shall be deemed an Event of Default only with respect to such Series of Bonds and all other Bonds of an equal or lower priority;

(d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) that are to be observed or performed by the Authority and which are contained in the Master Indenture or a Supplemental Indenture, which failure shall continue for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more of Bond Obligation of any affected Series of Bonds then Outstanding, unless the Trustee or the holders of 25% or more of Bond Obligation of such Series of Bonds in a Bond Obligation amount not less than the Bond Obligation amount of such Series of Bonds the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee and the holders of such Bond Obligation amount of such Series of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued until such failure is corrected; and

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 or 11 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Authority or either of the Ports and, if instituted against the Authority or either of the Ports, said proceedings are consented to or are not dismissed within sixty (60) days after such institution.

Remedies

Upon the occurrence of any Event of Default, and subject to the Bond Insurer's rights with respect to that Series of Bonds that such Bond Insurer has insured as set forth in the Indenture, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Bond Obligation of the Bonds then Outstanding whose Bonds are in default under (a), (b) or (c) above, and receipt of indemnity to its satisfaction, shall cause a replacement trustee, having the qualifications set forth in the Master Indenture for replacement Trustees to be substituted as the Trustee for the First Subordinate Lien Bonds and, if necessary, shall cause a separate replacement trustee, having the qualifications set forth in the Master Indenture for replacement Trustees to be substituted as the trustee for the Second Subordinate Lien Bonds, and the provisions of the Master Indenture shall equally apply to the replacement trustees and the Trustee (each, a "Default Trustee"). Each such Default Trustee may, and upon the written direction of the holders of 25% or more of the Bond Obligation of Bonds in default for which the Default Trustee serves as trustee, and receipt of indemnity to its satisfaction, shall, in its own name as the trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the applicable Bondholders, and require the Authority to carry out any agreements with or for the benefit of the applicable Bondholders and to perform its or their duties under the JPA Agreement or the Operating Agreement or any other law to which it is subject and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Indenture;

(ii) bring suit upon the applicable Bonds in default or with respect to a default under the Operating Agreement, the Federal Loan Agreement, the Design-Build Contract or the Permit;

(iii) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the applicable Bondholders of their Bonds in default; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the applicable Bondholders of their Bonds in default.

Any Default Trustee shall be under no obligation to take any action with respect to any Event of Default unless such Default Trustee has actual knowledge of the occurrence of such Event of Default.

Anything in the Indenture to the contrary notwithstanding, holders of a majority in Bond Obligation of each priority level of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the respective Default Trustee, to direct the time, method and place of conducting all remedial proceedings available to the respective Default Trustee under the Indenture to be taken in connection with the enforcement of the terms of the Indenture or exercising any trust or power conferred on the respective Default Trustee by the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Indenture and that there shall have been provided to the respective Default Trustee security and indemnity satisfactory to the respective Default Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the respective Default Trustee.

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the exercise of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless such Bondholder or Bondholders previously shall have given to the respective Default Trustee written notice of an Event of Default as hereinabove provided and unless also holders of 25% or more of the Bond Obligation of the applicable priority level of Bonds then Outstanding (which could include such Bondholders) shall have made written request of the respective Default Trustee to do so, after the right to institute such suit, action or proceeding shall have accrued, and shall have afforded the respective Default Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the respective Default Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the respective Default Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the respective Default Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders.

Notwithstanding any other provision in the Indenture, the right of any Bondholder to receive payment of the principal of and interest on such Current Interest Bond or the Accreted Value of such Capital Appreciation Bond or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the Revenues and other security provided for the Bonds, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by the respective Default Trustees, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Master Indenture (which shall not include moneys provided through a Credit Facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the respective Default Trustees (including attorneys' fees and disbursements), shall be applied (i) to payment of all unpaid interest on and principal or Accreted Value of the Senior Lien Bonds until fully paid, then (ii) to payment of all unpaid interest on and principal of the Federal Loan, then (iii) to payment of all unpaid interest on and principal or Accreted Value of the First Subordinate Lien Bonds until fully paid, and then (iv) to payment of all unpaid interest on and principal or Accreted Value of the Second Subordinate Lien Bonds until fully paid. Within each of the priorities for repayment set forth in (i), (iii) and (iv) above, moneys shall be applied to first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal amount or Accreted Value of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Indenture from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest or Accreted Value due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Trustee, Paying Agents; Registrar

The Trustee accepts and agrees to execute the trusts specifically imposed upon it by the Indenture, but only upon the additional terms set forth below, to all of which the Authority agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds. If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee shall perform the duties set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Trustee. Except during the continuation of an Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture.

The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee unless the Trustee was negligent in ascertaining the pertinent facts; and (2) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Authority in the manner provided in the Master Indenture.

Modification of the Master Indenture

The Authority may, from time to time and at any time, upon notice to any affected Bond Insurer so long as any Series of Bonds insured by such Bond Insurer is Outstanding, without the consent of or notice to the Bondholders, execute and deliver a Supplemental Indenture supplementing and/or amending the Master Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of the Master Indenture and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders or the Bond Insurer;

(c) to add to the covenants and agreements of the Authority in the Master Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the Revenues or in and to the funds and accounts held by the Trustee or any other agent or in and to any other moneys, securities or funds of the Authority provided pursuant to the Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(g) to modify, alter, amend or supplement the Master Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Bondholders or the Bond Insurer;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings by a nationally recognized rating agency;

(j) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Authority from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds, provided that such supplement or amendment is not materially adverse to the Bondholders; or

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on any Tax-Exempt Bonds, including, without limitation, the segregation of the Revenues into different funds.

Except for any Supplemental Indenture entered into pursuant to the provisions described above or in the next paragraph below, subject to the terms and provisions contained in the Master Indenture and the approval of any affected Bond Insurer so long as any Series of Bonds insured by such Bond Insurer is Outstanding, the holders of not less than a majority in aggregate Bond Obligation of each Series of Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following paragraph is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal or Accreted Value of, premium on or, interest on any Outstanding Bonds or (ii) a reduction in the principal amount or Accreted Value or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Indenture) upon the Revenues created by the Master Indenture, ranking prior to or on a parity with the liens created by the Master Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clause of the Master Indenture and the priorities established pursuant to, or (v) a reduction in the aggregate principal amount or Accreted Value of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized in the previous paragraph, including the granting, for the benefit of particular Series of Bonds, security in addition to the Trust Estate. Copies of any amendments that the Series 1999 Bond Insurer approves shall be sent to Standard & Poor's.

The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in the first paragraph above, no notice to or consent of the Bondholders shall be required, provided that notice of such amendment shall be given to any affected Bond Insurer so long as any Series of Bonds insured by such Bond Insurer is Outstanding. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and is not described in the first paragraph above, then the provisions of the Master Indenture described in this paragraph shall control and, subject to the terms and provisions contained in this paragraph and the approval of any affected Bond Insurer so long as any Series of Bonds insured by such Bond Insurer is Outstanding, the holders of not less than 51% in Bond Obligation amount of the Outstanding Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal or Accreted Value of, premium on or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount, Accreted Value or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in the first paragraph above, including the granting, for the benefit of particular Series of Bonds, security in addition to the Trust Estate. Copies of any amendments that the Series 1999 Bond Insurer approves shall be sent to Standard & Poor's.

Credit Providers

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the Authority may, in the Supplemental Indenture under which such Bonds are issued, provide any or all of the following rights to the Credit Provider as the Authority shall deem to be appropriate:

(1) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings all as provided in the Master Indenture to the same extent and in place of the owners of the

Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Bondholder of such Bonds;

(2) the right to act in place of the owners of the Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee under the Master Indenture; and

(3) the right to receive notices of estimates of Shortfall Advances in the form and at such times as provided in the Operating Agreement.

Continuing Disclosure

The Authority covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate applicable to the Authority. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the Indenture; however, the Trustee (at the request of any Underwriter or the holders of at least 25% aggregate Bond Obligation of Outstanding Bonds to which such Continuing Disclosure Certificate applies shall), or any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations and the Continuing Disclosure Certificate. For purposes of the foregoing covenant, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Supplemental Indentures

The following is a brief summary of certain provisions of the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture and the Eighteenth Supplemental Indenture (collectively, the "Supplemental Indentures'). Such summary is only a brief description of limited provisions of these documents and is qualified in its entirety by reference to the full text of such Supplemental Indentures.

Terms of the Series 2024 Bonds

The Fifteenth Supplemental Indenture sets forth the terms of the Series 2024A Bonds, the Sixteenth Supplemental Indenture sets forth the terms of the Series 2024B Bonds, the Seventeenth Supplemental Indenture sets forth the terms of the Series 2024C Bonds, and the Eighteenth Supplemental Indenture sets forth the terms of the Series 2024D Bonds. Most of such terms are described in the front of this Official Statement under "DESCRIPTION OF THE SERIES 2024 BONDS."

Establishment of Funds and Accounts

The Fifteenth Supplemental Indenture establishes the following funds and accounts: the Series 2024A Debt Service Reserve Account, the Series 2024A Debt Service Fund (which shall contain an Interest Account, a Principal Account and a Redemption Account), the Series 2024A Costs of Issuance Fund and the Series 2024A Rebate Fund.

The Sixteenth Supplemental Indenture establishes the following funds and accounts: the Series 2024B Debt Service Reserve Account, the Series 2024B Debt Service Fund (which shall contain an Interest Account, a Principal Account and a Redemption Account) and the Series 2024B Costs of Issuance Fund.

The Seventeenth Supplemental Indenture establishes the following funds and accounts: the Series 2024C Debt Service Reserve Account, the Series 2024C Debt Service Fund (which shall contain an Interest Account, a Principal Account and a Redemption Account), the Series 2024C Costs of Issuance Fund and the Series 2024C Rebate Fund.

The Eighteenth Supplemental Indenture establishes the following funds and accounts: the Series 2024D Debt Service Reserve Account, the Series 2024D Debt Service Fund (which shall contain an Interest Account, a Principal Account and a Redemption Account), and the Series 2024D Costs of Issuance Fund.

Costs of Issuance Funds. The Trustee shall make payments or disbursements from the Series 2024A Costs of Issuance Fund, the Series 2024B Costs of Issuance Fund, the Series 2024C Costs of Issuance Fund and the Series 2024D Costs of Issuance Fund upon receipt from the Authority of a Requisition meeting the requirements set forth in the Master Indenture. Pursuant to the Master Indenture, amounts on deposit in the Series 2024A Costs of Issuance Fund, the Series 2024B Costs of Issuance Fund, the Series 2024C Costs of Issuance Fund and the Series 2024D Costs of Issuance Fund shall be invested and reinvested by the Authorized Authority Representative in Permitted Investments. Subject to the Master Indenture, earnings on each such Fund shall be retained in such Fund. Upon the Trustee's receipt of written instructions from an Authorized Authority Representative, all amounts remaining on deposit in such Funds shall be transferred to the applicable Debt Service Fund.

Debt Service Reserve Accounts

The Fifteenth Supplemental Indenture, Sixteenth Supplemental Indenture Seventeenth Supplemental Indenture and Eighteenth Supplemental Indenture provide that as a condition of issuance of the Series 2024 Bonds, there shall be deposited in the Series 2024A Debt Service Reserve Account, the Series 2024B Debt Service Reserve Account, the Series 2024C Debt Service Reserve Account and the Series 2024D Debt Service Reserve Account, respectively, either cash or a Debt Service Reserve Surety Policy in an amount equal to the Debt Service Reserve Requirement for the Series 2024A Bonds, the Series 2024B Bonds, the Series 2024C Bonds and the Series 2024D Bonds, respectively. Any amounts in such Debt Service Reserve Accounts in excess of the applicable Debt Service Reserve Requirement shall be transferred to the applicable Debt Service Fund, unless an Event of Default exists under the Indenture, in which event the excess amount shall be retained in the Series 2024A Debt Service Reserve Account, the Series 2024B Debt Service Reserve Account, Series 2024C Debt Service Reserve Account or the Series 2024D Debt Service Reserve Account, as applicable, in accordance with the Master Indenture.

Tax Certificates; Rebate Funds

The Fifteenth Supplemental Indenture establishes the Series 2024A Rebate Fund and the Seventeenth Supplemental Indenture establishes the Series 2024C Rebate Fund each of which shall be administered by the Authority. The Fifteenth Supplemental Indenture and the Seventeenth Supplemental Indenture each obligate the Authority to execute a Tax Certificate with respect to the Tax-Exempt Bonds, and provides that, notwithstanding any other provision contained therein relating to the deposit of investment earnings on amounts on deposit in any fund or account thereunder at the written direction of the Authority, any earnings which are subject to federal tax or rebate requirement, as provided in the Tax Certificate, shall be deposited in the Series 2024A Rebate Fund or the Series 2024C Rebate Fund, as applicable, for that purpose.

USE PERMIT

The following is a summary of certain provisions of the Use Permit entered into among POLA, POLB and the Authority. This summary is not to be considered a full statement of the terms of such Use Permit and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms used in this summary and not defined in the front portion of this Official Statement have the meanings set forth in the Use Permit.

Background, Term and Ownership

Concurrently with the execution of the Original Agreement, POLA and POLB (together, the “Owner”) and the Authority have executed a Use Permit dated as of October 12, 1998 (the “Permit”), whereby the Authority has acquired certain interests in real property (the “Property”) owned by POLA, POLB or the Owner for the purposes specified below. The Permit allows the Authority to use the Property, which will continue to be owned by POLA, POLB or the Owner, for the construction, development, maintenance and operation of the Project. The Permit provides that all improvements constructed on the Property shall belong to the Authority for so long as the Permit is in effect. The Ports have the right to cause the Authority to transfer to the Ports title to property required for the Rail Corridor that is owned by the Authority. In such event the property in question would become subject to the provisions of the Permit.

The Permit term is the period of time commencing on the last date the Permit has been executed by POLA, POLB and the Authority (i.e., December 15, 1998) and terminating on the earlier of (i) fifty years after the commencement of the Permit date, (ii) the cessation of existence of the Authority or (iii) the termination of the Operating Agreement; but in the case of (iii), only if any ACTA Financing (as defined in the Operating Agreement) has been fully paid or fully provided for. Upon expiration or earlier termination of the Permit, the Authority shall vacate the Property and reimburse the Owner for and indemnify, defend and hold harmless the Owner against all damages incurred by the Owner as a result of any delay by the Authority in vacating the Property. All improvements shall be surrendered to the Owner upon the expiration or earlier termination of the Permit.

Permitted Use

The Authority shall use the Property for (i) construction and development of the Project, and those uses which are incidental to such construction and development and (ii) rail freight transportation, as more generally described in and as limited by the Operating Agreement, and for no other purpose whatsoever without the Owner’s prior written consent. Except as otherwise provided in the Permit, the Owner intends for the Authority’s permitted uses of the Property to encompass all interests the Owner acquired and currently holds in the Property.

Fees and Taxes

The Permit requires the payment of a nominal ten dollar annual fee (the "Permit Fee"), payable by the Authority to POLA and POLB in equal one-half shares. The Permit Fee shall be increased every five years, based upon increases in the Consumer Price Index. The Authority shall also be responsible for all Real Property Taxes (as defined in the Permit) not paid by the Railroads or other third party, personal property taxes, license and permit fees and utilities related to the Property.

Defaults and Breach

A "Default" is defined as the occurrence of any of the following events: (i) the Authority abandons construction of the Project or fails to proceed with construction of the Project as required under the Permit; (ii) the Authority fails to perform any of its obligations under the Permit or fails to comply with or perform any of the terms, covenants or conditions under the Permit; (iii) an event of default occurs under the Federal Loan (as defined in the Permit) or any ACTA Financing; (iv) the Authority makes a general assignment or general arrangement for the benefit of creditors; (v) a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against the Authority and is not dismissed within thirty days; (vi) a trustee or receiver is appointed to take possession of substantially all of the Authority's assets located at the Property or of the Authority's interest in the Permit and such possession is not restored to the Authority within thirty days; (vii) substantially all of the Authority's assets located at the Property, or the Authority's interest in the Permit, is subjected to attachment, execution or other judicial seizure which is not discharged within thirty days or (viii) any change in the entities comprising the Authority. At any time after a Default by the Authority occurs under the Permit, the Owner may, but is not obligated to, cure such Default at the Authority's cost.

A "Breach" is defined as the occurrence of one or more of the above Defaults and the failure of the Authority to cure such Default within thirty days after written notice from the Owner to the Authority; provided, however, that if the nature of the Authority's Default is such that more than thirty days are reasonably required for its cure, then the Authority shall not be deemed to be in Breach if the Authority commences such cure within said thirty day period and thereafter diligently and in good faith prosecutes such cure to completion.

The Owner shall not be deemed to be in default in the performance of any obligation required to be performed by it under the Permit unless and until it has failed to perform such obligation within thirty days after notice by the Authority to the Owner specifying wherein the Owner has failed to perform such obligation; provided, however, that if the nature of the Owner's obligation is such that more than thirty days are required to perform such obligation, then the Owner shall not be deemed to be in default if it commences such performance within such thirty day period and thereafter diligently and in good faith prosecutes such cure to completion.

Remedies

On the occurrence of a Breach by the Authority, the Owner may exercise any and all rights or remedies permitted by law, except that (a) no merger of the Permit shall be deemed to occur as a result thereof; and (b) the Owner shall have no power to terminate the Permit by reason of any such Breach on the part of the Authority if: (i) such termination would impair the ability of the Authority to pay principal of and interest on any ACTA Financing or the Federal Loan or (ii) such termination would materially adversely affect the Authority's rights under the Operating Agreement to collect, hold and expend ACTA Revenues (as defined in the Operating Agreement) and to exercise its other rights thereunder. So long as any ACTA Financing or Federal Loan remains outstanding, the Owner shall have no right to offset any amounts due to the Authority from the Owner under the Operating Agreement against amounts due to the Owner from the Authority pursuant to the Permit.

OPERATING AGREEMENT

The following is a summary of certain provisions of the Alameda Corridor Amended and Restated Use and Operating Agreement (the "Operating Agreement") entered into among the Authority, the Railroads, POLA and POLB. This summary is not to be considered a full statement of the terms of such Operating Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

Since the date of execution of the Original Agreement, certain changes were made to the Flow of Funds (i.e. the order of priority in which revenues generated by Use Fees and Container Charges will be allocated and disbursed each year) pursuant to terms in the Operating Agreement. These changes are described in the front portion of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Flow of Funds."

Certain Definitions

The following terms used in this summary have the meanings set forth below. Each capitalized term not otherwise defined in this summary shall have the meaning set forth elsewhere in the Official Statement or the Operating Agreement.

"*ACTA Financing*" means the financing of the Project by the Authority (*i.e.*, the Authority's financings other than the Federal Loan, Port Advances, Property Assembly Reimbursement and the Benefit Amount), which may include the Bonds and/or a series of debt offerings or financings and multiple tranches or levels of priority of indebtedness that may consist of short term, interim and long term financings or refinancings of prior financings (including, without limitation, refinancing of the Federal Loan under the Master Trust Indenture) or obligations to credit enhancers or swap or other hedge providers if incurred in connection with such financings or refinancings.

"*Annual Amount*" means the amount necessary each year to pay the following items (to the extent the following items are scheduled, budgeted or otherwise expected to be due and payable that year): (a) interest and principal due during such year with respect to the ACTA Financing; (b) the amounts necessary to pay debt service on sums held in or debt incurred to fund any debt service reserve fund established in connection with the ACTA Financing ("Required Debt Service Reserve"), plus any amount necessary to replenish the Required Debt Service Reserve after draws thereon; and (c) the fees and charges of third party trustees, administrators, rating agencies, auditors, independent consultants, financial advisors, underwriters, attorneys or custodians incurred by Owner or the Authority in connection with the ACTA Financing, fees and costs incurred to obtain and renew letters of credit, bond insurance and other forms of credit enhancement facilities for the ACTA Financing and any amounts necessary to make any rebate payments to the United States or to otherwise comply with the provisions of the Internal Revenue Code.

"*ATSF Purchase Agreement*" means that certain Agreement for Sale of Certain Real Property in the Los Angeles Harbor Subdivision Rail Line between MP 27.6 and MP 28.3 and Other Interests at Redondo Junction of The Atchison, Topeka and Santa Fe Railway Company to City of Los Angeles and City of Long Beach, dated as of December 22, 1994, by and between the Owner, as purchaser, and the former The Atchison, Topeka and Santa Fe Railway Company, as seller.

"*Benefit Amount*" means 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 financing for the Project and the amount that would have been paid had taxable financing been used for such portion of the financing for the Project. The Benefit Amount shall be computed by the Authority on or about the date of issuance of such tax-exempt financing and the discount rate shall be the tax-exempt interest rate on such financing on that date ("Tax Exempt Rate"). The Benefit Amount shall bear interest, compounded semi-annually, at the Tax Exempt Rate from the date of issuance of the tax exempt financing, which interest shall be added to the balance of the Benefit Amount and likewise bear interest until paid. POLA and POLB shall allocate between themselves the Benefit Amount and shall notify the Authority in writing of such allocation prior to Substantial Completion.

"*BNSF C&M Agreement*" means that certain Right of Entry and Construction Agreement dated as of October 12, 1998 (as the same may be amended from time to time, to the extent not inconsistent with the provisions of the Operating Agreement), by and among BNSF, the Authority and Owner.

"*Bonds*" means revenue bonds or other evidences of indebtedness issued by the Authority from time to time pursuant to the Master Trust Indenture.

"*Capital Expenses*" means the costs and expenses incurred in making any capital improvements or betterments, or replacements to the extent that costs and expenses of replacements are determined to be Capital Expenses in accordance with the guidelines previously adopted pursuant to the Original Agreement or by agreement of Owner and the Railroads, or to be adopted pursuant to the Original Agreement or by agreement of Owner and the Railroads, to (i) the Rail Corridor other than the Non-Rail Components, and (ii) subject to the other provisions of the Operating Agreement, the Port-Owned Tracks.

"*Corridor Dispatcher*" means the person or entity responsible for dispatching service for all train movements on and within the Rail Corridor, on all Port-Owned Tracks and to all Port Facilities selected by Owner and Railroads through Mutual Agreement.

"*Corridor Maintenance Contractor*" means the person or entity responsible for inspection, maintenance and repair of, and making capital replacements and improvements to, the Rail Corridor and all Port-Owned Tracks (including, without limitation, the Non-Rail Components).

"*Drill Track*" means a single track rail line constructed pursuant to and in accordance with the provisions of the UP C&M Agreement, any support structures to the extent they support the Drill Track and the real property on and along which such rail line is located, generally running adjacent and parallel to parts of the Rail Corridor.

"*Federal Loan*" means the $400 million loan made to the Authority by the U.S. Department of Transportation, acting through the Federal Highway Administration, pursuant to an Amended and Restated Loan Agreement dated as of October 15, 1998, or any replacement or refinancing thereof with or by an agency of the United States Government.

"*Flow of Funds*" means the order of priority in which revenues generated by Use Fees and Container Charges will be allocated and disbursed each year. Such order of priority is described in the Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Flow of Funds."

"*Local Train*" means any train on which at least 80% of the railcars are delivered to or picked up from industries which are located between the northerly boundary of the Ports and the point that the mainline tracks owned by a particular Railroad diverge from the northerly end of the Rail Corridor. For purposes of this definition, (i) one platform of at least 40-feet or one well of at least 40-feet shall equal one railcar, and (ii) railcars carrying Toyota (or related company) automobiles originating at or being delivered to the Toyota Distribution Facility during the exclusive service period (which period is the shorter of (A) through December 31, 2006 or, if the main Toyota lease is extended, through the expiration date of such extended lease, but in no event later than December 31, 2016, or (B) for so long as such facility exists at that location) shall be considered originating from or delivered to an industry located north of the Ports.

"*Manuel Sidings*" means the three sidings near the Sepulveda Boulevard Bridge and located generally in the vicinity of the track identified as "Manuel 3" on Page 3 of the Map.

"*Map*" means the map (consisting of four pages) attached to the Operating Agreement as Exhibit A.

"*Master Trust Indenture*" means that certain Master Trust Indenture to be entered into by the Authority and a third party trustee, which provides the terms and conditions upon which the Authority may issue revenue bonds or other evidences of indebtedness for the purpose of financing all or a portion of the Project, as amended, supplemented, or amended and restated from time to time.

"*Mutual Agreement*" is a determination approved by at least three of the following parties: POLB, POLA, BNSF and Union Pacific.

"*Net Project Costs*" has the meaning set forth in Section 7.3(l) of the Operating Agreement.

"*Non-Rail Components*" means the walls, retaining walls, embankments, support structures and drainage facilities 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. The term Non-Rail Components shall not include (i) public streets, roadways or highways along the Rail Corridor, (ii) the surface pavement of streets on the bridges and overpasses over the trench portion of the Rail Corridor), and (iii) the lighting, drainage and fence structures located on the bridges and overpasses over the trench portion of the Rail Corridor (and the maintenance, repair and replacement of such items shall not be the responsibility of the parties to the Operating Agreement or paid for with M & O Charges, Use Fees, Container Charges, Port Advances or from the Reserve Account).

"*Non-Rail Maintenance and Capital Improvement Charges*" means the (i) annual maintenance and capital improvements and replacements of the Non-Rail Components, together with capital replacement of any rail bridge over the Rail Corridor (but only if (A) one of the Railroads actually is using the rail bridge at the time the capital replacement is needed, and (B) a third party, at its cost, is not providing the maintenance and/or capital improvement or replacement of such rail bridge).

"*North End Grade Separation*" means that certain rail-to-rail grade separation, by which BNSF's San Bernardino Subdivision Tracks will cross over the Rail Corridor Tracks and the Los Angeles River in the location shown on Page 1 of the Map, thereby eliminating the at-grade rail crossing that currently exists in the vicinity of Redondo Junction.

"*Overdue Rate*" means a rate per annum equal to the "prime rate" plus 5%, but in no event greater than the maximum rate permitted to be charged under the law of the State of California as of the date the payment in question was due under the Operating Agreement. As used in the preceding sentence, "prime rate" means the rate announced from time to time by the Los Angeles main office of Bank of America as its "reference rate". If Bank of America no longer announces a "reference rate," then Owner and Railroads will promptly adopt a substitute benchmark for determining the Overdue Rate similar to the Bank of America "reference rate".

"*Owner*" means, collectively, POLA and POLB, and their respective successors and assigns with respect to ownership of the Rail Corridor property and improvements.

"*Port*" means, individually, each of the seaports located on San Pedro Bay in the County of Los Angeles commonly known as the Port of Long Beach and the Port of Los Angeles, and "Ports" means, collectively, both of such seaports.

"*Port Advances*" means the following amounts: (i) Net Project Costs 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 made by either POLA or POLB; (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, the Federal Loan or any other obligation or liability of the Authority with respect to the Project; (iv) amounts, if any, voluntarily advanced by POLA and POLB after Substantial Completion, in excess of Shortfall Advances, to cover administrative expenses of the Authority 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 to fund the Reserve Account in certain years in which less than $4 million in revenues from Use Fees and Container Charges are deposited in the Reserve Account. Port Advances shall bear interest from the date advanced at a rate per annum equal to the interest rate on six month U.S. Treasury Bills, which rate shall be adjusted each January 1 and July 1, effective for the outstanding Port Advances on such date.

"*Port Facilities*" means all existing or future terminals, yards and facilities owned or leased by, or located on property owned by, Owner, POLA or POLB (or any successor or assignee of any of the foregoing) and located within the Port areas (as such Port areas are shown on Page 4 of the Map), including the Intermodal Container Transfer Facility (outlined on Page 4 of the Map), as such facilities may be expanded or contracted from time to time.

"*Port-Owned Tracks*" means all Track and Track Support Structures now or in the future owned jointly or separately by POLA and/or POLB (or any successor or assignee of either or both of the foregoing), located within the Port areas shown on Page 4 of the Map, whether or not located within the Rail Corridor, provided, however, that neither the Drill Track nor Track located within a Port Facility shall be considered part of the Port-Owned Tracks. "Port-Owned Tracks" also shall include (i) the Manuel Sidings and the portion of the UP San Pedro Branch used to access the Manuel Sidings, but only if the Manuel Sidings are used for holding or storing trains as part of the Rail Corridor pursuant to the Operating Agreement, and (ii) the portion of the UP San Pedro Branch between Thenard Crossing and the Port areas shown on Page 4 of the Map. Except as provided in clause (ii) of the preceding sentence, the UP San Pedro Branch shall not be deemed to be Port-Owned Tracks under the Operating Agreement unless Owner expressly so agrees.

"*Port Rail Agreements*" means, collectively, (i) that certain Permit to Use Tracks Agreement dated as of December 1, 1997, by and among POLA, BNSF, Southern Pacific Transportation Company and Union Pacific, (ii) that certain San Pedro Bay Harbor Rail Operating Agreement dated as of December 1, 1997, by and between POLA and Pacific Harbor Line, Inc., (iii) that certain Use of Tracks Agreement dated as of June 1, 1998, by and among POLB, Union Pacific and BNSF, and (iv) that certain Long Beach Rail Operating Agreement dated as of June 1, 1998, by and between POLB and Pacific Harbor Line, Inc., as each of such agreements may be extended or amended from time to time.

"*Project*" means the construction and development of the project described in that certain Plan adopted by the Authority on January 14, 1993, as modified and shown on the Conceptual Design Layout (Alternative 2.1B) (copies of which have been date stamped December 22, 1994 and initialed by each of POLA, POLB, Southern Pacific Transportation Company, The Atchison, Topeka and Santa Fe Railway Company and Union Pacific), prepared by Daniel, Mann, Johnson & Mendenhall in joint venture with Moffatt & Nichol, Engineers (including the Tracks and Track Support Structures for the Rail Corridor, the Non Rail Components, and streets, roadways and highways and street, roadway, highway and railway overpass facilities), as updated and, to the extent shown thereon, superseded by the Track Schematic Drawings, and as the same have been amended prior to the date hereof pursuant to the Original Agreement or by agreement of the Owner and the Railroads. The "Project" may be amended from time to time, to the extent not inconsistent with the Track Schematic Drawings and the provisions of the Operating Agreement (provided that if any such amendment to the Plan made after October 12, 1998, other than an amendment required by law or an amendment required by a governmental entity or agency other than Owner or the Authority, will increase the total amount of Net Project Costs by an amount in excess of $50 million, then such amendment must first be approved by Owner and Railroads through Mutual Agreement and, if not approved by Owner and Railroads through Mutual Agreement, such amendment nevertheless may be made if Owner and the Authority agree that the amount in excess of said $50 million will be paid entirely from sources other than Use Fees and Container Charges).

"*Property Assembly Reimbursement*" means the sum of $200 million, to be refunded by the Authority to POLA and POLB as reimbursement for a portion of amounts expended by POLA and POLB to acquire the property and related rights and interests necessary for the Project, which amount shall not bear interest or otherwise be adjusted for the passage of time. POLA and POLB shall allocate between themselves the Property Assembly Reimbursement and shall notify the Authority in writing of such allocation prior to Substantial Completion. Notwithstanding the foregoing, POLA and POLB have authorized the Authority to deduct thirty-four percent (34%) of any amount it otherwise would pay either POLA or POLB for the Property Assembly Reimbursement and immediately deposit such amount in the Reserve Account, regardless of whether such payment causes the Reserve Account to exceed the Reserve Account Target.

"*Pro Rata Portion*" means, with respect to any of the Railroads, a percentage equal to the relationship of such Railroad's use (including Repositioning and Crossing Movements) of the Rail Corridor and the Port-Owned Tracks to the total use of the Rail Corridor and the Port-Owned Tracks by all of the Railroads (including Repositioning and Crossing Movements) during a given time period. Use shall be measured by gross ton miles or by train miles depending upon the nature of the costs or expenses subject to proration, as more particularly set forth in the Operating Agreement.

"*Rail Corridor*" means a multiple main track, high density, predominantly 40 mile per hour mainline railroad system (including the Track and Track Support Structures and identified rail connections for each of the Railroads) with centralized traffic control which permits bi-directional operation on each main track and provides for maximum train-handling capacity, together with the real property on which such railroad system is located, as generally shown on the Conceptual Design Layout described above in the definition of "Project," as updated and, to the extent shown thereon, superseded by the Track Schematic Drawings (provided that (i) "maximum train-handling capacity" shall not be construed to require any Railroad to upgrade its locomotives in order to meet such standard in operating on the Rail Corridor, and (ii) "predominantly 40 miles per hour" shall not be construed to require that the entire Rail Corridor and every connection thereto be designed and constructed to accommodate rail operations at speeds of 40 miles per hour). The Rail Corridor has been constructed in accordance and conformance with the provisions and standards set forth in the UP C&M Agreement (or, with respect to any portion of the Rail Corridor constructed on property owned by BNSF, in accordance with the provisions and standards set forth in the BNSF C&M Agreement) and is generally located in the right-of-way Owner acquired from Southern Pacific Transportation Company running generally along and parallel to Alameda Street beginning, in the north, for each Railroad, at the point that such Railroad leaves the mainline tracks or trackage rights owned or held by such Railroad (other than the Rail Corridor itself), which point, for each Railroad, is shown on Page 1 of the Map, and ending, in the south, at the Anaheim Street grade separation in the City of Long Beach and at the northerly entrance to the Badger Avenue Bridge in the City of Long Beach. The Rail Corridor includes:

(a) the Joint Use Construction Projects (provided, however, capital replacement of the North End Grade Separation shall be governed by separate agreements between BNSF and the commuter agencies which operates over the North End Grade Separation, and provided further, however, for purposes of maintenance, repair and dispatching, the North End Grade Separation shall not be considered part of the Rail Corridor);

(b) the connections and crossings identified in Section 3.1(a)(i)(B) and Section 3.1(a)(i)(C) of the UP C&M Agreement;

(c) a Track connection between the Rail Corridor and a Track leading to Watson Yard, up to the property line of Owner's property, as that Watson Yard Track connection is described in the ATSF Purchase Agreement (as such description is updated and modified in the BNSF C&M Agreement);

(d) a Track connection between the Rail Corridor and BNSF's main line Tracks near Redondo Junction, up to the property line of Owner's property, as that Track connection is described in the ATSF Purchase Agreement (as such description is updated and modified in the BNSF C&M Agreement); and

(e) The Rail Corridor does not include any street, roadway or highway structures or improvements over or adjacent to the Rail Corridor (provided that this sentence shall not be deemed to exclude from the definition of Rail Corridor any (x) maintenance, access or service roads constructed on or adjacent to the Rail Corridor property for the primary purpose of providing access to or maintaining the Track and other components of the Rail Corridor, or (y) the structural portion of bridges and overpasses over the trench portion of the Rail Corridor (which structural portions constitute part of the Non-Rail Components), all of which are part of the Rail Corridor). The Rail Corridor does not include the Drill Track.

"*Railroad*" means, individually, BNSF or Union Pacific, and "*Railroads*" means, collectively, all of BNSF and Union Pacific, and the assignees of the foregoing permitted pursuant to the Operating Agreement, together with any other Class I or financially responsible and experienced regional railroad that in the future may be granted rights by Owner to use the Rail Corridor pursuant to the Operating Agreement.

"*Repositioning and Crossing Movement*" means one of the following continuous movements across the Rail Corridor (*i.e.*, not including switching on the Rail Corridor) for the purpose of repositioning of locomotives, railcars and equipment, or moving the same across the Rail Corridor, only:

(i) movements over the Rail Corridor only north of 25th Street (and, with respect to Union Pacific, including J Yard), or the connection of Union Pacific's Wilmington Branch to the Rail Corridor, and not to or from any Port Facility;

(ii) movements over the Rail Corridor only south of the Dolores Yard/Intermodal Container Transfer Facility connection track (as outlined on Page 3 of the Map) at Dominguez Junction between a Port Facility and a rail origin or destination south of Dominguez Junction (which shall include for BNSF only movements to Watson Yard (as shown on Page 3 of the Map) and then to an industry or yard located on BNSF's Harbor Subdivision south of 25th Street);

(iii) movements across the Rail Corridor that both originate and terminate on the Drill Track or adjacent yards;

(iv) movements across the Rail Corridor between Union Pacific's Wilmington Branch, and Dolores Yard;

(v) turning of locomotives and railcars by Union Pacific using the Watson Yard connection track as described in that certain Use of Tracks Agreement dated as of December 22, 1994 among Southern Pacific Transportation Company, BNSF and Owner; and

(vi) movements between the Dow Chemical Facility and Mead Yard (as outlined on Page 3 of the Map);

provided that in each case the Railroad conducting the Repositioning and Crossing Movement shall not hold, store, position or leave trains, railcars, locomotives or other equipment on, or otherwise block, any of the main line tracks of the Rail Corridor. In no event shall Repositioning and Crossing Movements be used to move railcars or containers that otherwise are required by the Operating Agreement to use the Rail Corridor to another rail line in order to avoid using the Rail Corridor.

"*STB*" means the Surface Transportation Board.

"*Substantial Completion*" means and includes the construction of the crossings and connections described in clause (b) of the definition of "Rail Corridor," on the terms set forth in the UP C&M Agreement, and the construction of the connection Tracks described in clauses (c) and (d) of the definition of "Rail Corridor" beyond the property line of Owner's property on the terms set forth in the BNSF C&M Agreement. The parties acknowledge and agree that Substantial Completion occurred on April 15, 2002.

"*Through Train*" means any train movement commencing or terminating at a Port Facility, together with Union Pacific's "Dolores Hauler" (pursuant to the Project environmental impact report) and existing unit trains to or from any oil refineries served from the Rail Corridor (pursuant to the Project environmental impact report), excluding, however, any Repositioning and Crossing Movements and/or Local Trains.

"*Toyota Distribution Facility*" means the Toyota Distribution Facility as outlined on Page 3 of the Map.

"*Track*" means all railroad related improvements, including all tracks (including main line tracks, spur tracks, lead tracks, passing tracks and storage tracks) and all rail-related facilities (including rails and fastenings, switches, frogs, bumpers, ties, ballast, roadbed, signaling devices and systems, traffic control systems, interlocking devices and plants, crossing warning devices, crossing surfaces, signal pole lines, and signal communication facilities and equipment).

"*Track Schematic Drawings*" means those certain track schematic drawings dated 12 January 1998 (with a date code of 1 October 1998 along the lower right margin) and initialed by each of POLA, POLB, the Authority, BNSF and Union Pacific, copies of which are attached to each of the UP C&M Agreement and the BNSF C&M Agreement, as the same have been amended prior to the date of the Operating Agreement pursuant to the Original Agreement or by agreement of Owner and the Railroads.

"*Track Support Structures*" means those properties, improvements and structures for use or support of the Track, including rail bridges, rail tunnels, culverts and other structures, subgrade, embankments, walls (including sound walls but excluding support structures for street, roadway or highway bridges), dikes, pavements and drainage facilities, and maintenance, access and service roads.

"*UP C&M Agreement*" means that certain Amended and Restated Construction and Maintenance Agreement dated as of October 12, 1998 (as the same may be amended from time to time, to the extent not inconsistent with the provisions of the Operating Agreement), by and between Union Pacific and the Owner, governing the construction of the Rail Corridor and the Drill Track.

"*UP San Pedro Branch*" means the railroad rights of way and adjoining land and improvements located in the County of Los Angeles, State of California, commonly known as the Union Pacific San Pedro Branch, approximately between Milepost 3.08 in the north and Milepost 21.71 in the south.

"*West Thenard*" means the rail junction shown on Page 3 of the Map.

Background

The Owner, the Railroads and the Authority entered into the Original Agreement on October 12, 1998. The Operating Agreement dated December 15, 2016 supersedes the Original Agreement. In general, the Operating Agreement governs the administration, operation and maintenance of, and the payment of fees and expenses related to, the Rail Corridor.

Access to and Use of the Rail Corridor

The Operating Agreement grants to each of the Railroads access to certain Port Facilities, to the Rail Corridor and to all Port-Owned Tracks for the purpose of providing freight rail service to and from the Ports. Access is granted to each Railroad on an equal and nondiscriminatory basis, subject to certain exceptions specified in the Operating Agreement. The Operating Agreement also grants certain non-exclusive overhead trackage rights to each of the Railroads in connection with their use of the Rail Corridor.

Provided that the Railroads have obtained all necessary approvals and consents from the STB (and any other federal agency with jurisdiction), each Railroad shall use the Rail Corridor for all Through Train movements. The Railroads shall also have the right to use the Rail Corridor for the movement of Local Trains, subject to the restrictions and limitations set forth in the Operating Agreement (such as the requirement that (i) although Local Trains may operate on the Rail Corridor, there shall be no switching of rail cars on the Rail Corridor, nor shall there be any freight rail service to any local industry customers directly from the Rail Corridor, except as expressly permitted under the UP C&M Agreement and in the Operating Agreement, and (ii) no more than 20% of the cargo transported by all Railroads on the Rail Corridor in any year move to or from facilities which are not included within the meaning of "port facilities" under Section 142(a)(2) of the Internal Revenue Code of 1986, as amended). The fees that will be charged to the Railroads in connection with their use of the Rail Corridor are described below (see "Use Fees, Container Charges and M & O Charges" below).

Each Railroad shall provide, at its sole cost and expense, its own equipment and crews for all train movements on the Rail Corridor and on all Port-Owned Tracks (subject to the Port Rail Agreements and other existing agreements to which either or both of the Railroads are parties). Each Railroad is also responsible for providing whatever security services or measures it deems necessary or desirable for its property and equipment, and all cargo, railcars and equipment in its possession and control. Except as expressly provided in various other agreements with the Railroads, neither Owner nor the Authority shall have any obligation (a) to inspect, maintain, refuel, service or repair any equipment used by the Railroads, to clear any derailed trains, or to provide refueling, servicing or repair facilities or equipment to the Railroads in connection with the Railroads' use of the Rail Corridor or Port-Owned Tracks; (b) to provide security services or measures to protect any property or equipment owned or used by the Railroads from theft, vandalism or damage; or (c) to inspect, maintain, service, dispatch, operate or repair the Rail Corridor, the Port-Owned Tracks, or the UP San Pedro Branch.

Use Fees, Container Charges and M & O Charges

Authority's Right to Collect Fees

The Operating Agreement grants to the Authority (or any trustee for Bonds issued by the Authority) the sole right and obligation to receive, hold and expend in accordance with the terms of the Operating Agreement all M & O Charges, Use Fees, Container Charges and Port Advances and all other funds, assets or amounts to which the Authority may be entitled under the Operating Agreement ("ACTA Revenues"). Except as expressly provided in the Operating

Agreement, no entity shall have any right to receive, hold and expend ACTA Revenues to which the Authority is entitled under the Operating Agreement.

The Railroads, POLA and POLB have agreed to take all actions as may be necessary or appropriate to effectuate the payment and receipt of the ACTA Revenues to be received by the Authority pursuant to the Operating Agreement. Furthermore, POLA and POLB will not do or permit anything to be done, or omit or refrain from doing anything (including the exercise of their rights to terminate a Railroad's rights under the Operating Agreement after the occurrence of a material default or breach by such Railroad; see "Default and Remedies" below) in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Operating Agreement or which otherwise would interfere with the Authority's right to receive the ACTA Revenues.

The Operating Agreement gives the Authority the right to pledge, assign and transfer without recourse all of its rights (subject to the terms of the Operating Agreement) to receive all or a portion of the ACTA Revenues, and any other rights or remedies as granted to the Authority under the Operating Agreement, to a third party trustee or other fiduciary in connection with the ACTA Financing. Upon receipt of a written notice from the Authority that it has assigned its rights to payments of all or any portion of the ACTA Revenues to such a trustee or fiduciary, POLA, POLB and the Railroads each shall make all such payments directly to the trustee or fiduciary until receipt of further payment instructions signed by both the Authority and such trustee or fiduciary.

All payments by the Railroads and Owner under the Operating Agreement, including, without limitation, payments of the ACTA Revenues, shall be an absolute obligation of the Railroads or Owner, as applicable, and shall be made when due without deduction, setoff, reduction or any defenses of any kind or character unrelated to the mathematical calculation of amounts. The Railroads and Owner expressly disclaim any interest in the ACTA Revenues and waive any defenses to enforcement by the Authority of any claim to such amounts and agree not to challenge the Authority's rights to such amounts.

Use Fees and Container Charges

The Operating Agreement establishes the Use Fees and Container Charges to be paid to the Authority by the Railroads for their use of the Rail Corridor. Such Use Fees and Container Charges are assessed and collected beginning upon the date of commencement of Through Train operations over the Rail Corridor north of West Thenard and south of 25th Street after Substantial Completion (excluding test or training trips by trains).

Each Railroad shall pay to the Authority Use Fees, which shall be charged on (i) all Through Trains, 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 all through tracks comprising the Rail Corridor for more than five consecutive days); (ii) all Local Trains which actually use all or any portion of the Rail Corridor; and (iii) all rail cars and/or containers, as the case may be, which originate or terminate at a Port Facility but which are included on a Local Train which does not use the Rail Corridor (other than rail cars carrying Toyota (or related company) automobiles originating in the continental United States and terminating at the Toyota Distribution Facility during a certain exclusive service period).

In addition, commencing April 15, 2002, each Railroad shall pay to the Authority Container Charges on each Waterborne Container that originates or terminates at the Ports and which is moved by rail into or out of Southern California (i.e., the counties of Kern, San Bernardino, San Luis Obispo, Santa Barbara, Ventura, Los Angeles, Orange, Riverside, San Diego and Imperial) by such Railroad (unless such Waterborne Container already has been assessed the Use Fee). Payment of Container Charges shall be made to the Authority regardless of whether the containers have traveled on the Rail Corridor. However, if there is a complete blockage of all through tracks comprising the Rail Corridor for more than five consecutive days, then Container Charges shall not be assessed on those Waterborne Containers that are shifted to transport by truck as a result of the complete blockage.

On or before the last day of each month, each Railroad shall 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. Any payment not made when due shall bear interest at the Overdue Rate until paid (in addition to all of the Authority's other remedies for such non-payment; see "Default and Remedies" below). The Authority shall monitor, or hire a third party to monitor, the railcars and containers that are subject to Use Fees and Container Charges.

The Railroads shall continue to be assessed the Use Fees and Container Charges at their full rates (*i.e.*, unadjusted for changes in annual debt service on any ACTA Financing) until the earlier to occur of the following ("Use Fees Termination Date"): (i) April 15, 2062 (being the date sixty (60) years after the April 15, 2002 commencement of

Through Train operations over the Rail Corridor north of West Thenard and south of 25th Street after Substantial Completion), and (ii) the date that Net Project Costs and the amounts and obligations in the definition of Flow of Funds (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Flow of Funds" in this Official Statement) have been repaid in full (including repayment in full of any ACTA Financing and the Federal Loan and the funding of the Reserve Account to the then current target amount for the Reserve Account). Use Fees and Container Charges shall not be assessed and collected for any freight traffic movements after the Use Fees Termination Date.

The Use Fees, the Container Charges and the Shortfall Advances, if any, by POLA and POLB, (see "Shortfall Advances" below) will be used (i) to pay Net Project Costs and (ii) to pay the other expenses, and fund, maintain and replenish the reserves relating to the Project and the use and operation of the Rail Corridor. The Flow of Funds governs the order of priority for allocation and disbursement of Use Fees and Container Charges.

M & O Charges

Subject to certain limitations specified in the Operating Agreement, each Railroad shall be charged a Pro Rata Portion (based on its use of the Rail Corridor and the Port-Owned Tracks) of the maintenance and operation expenses (the "M & O Charges") relating to the Rail Corridor and the Port-Owned Tracks. The M & O Charges include, collectively, (i) the annual cost of operating, maintaining and repairing the Rail Corridor and the Port-Owned Tracks (including any storage tracks), (ii) taxes (including property or possessory interest taxes assessed against Owner, the Authority or the Railroads with respect to the Rail Corridor), (iii) premiums for the casualty insurance and business interruption insurance described in the Operating Agreement with deductibles determined by Owner and Railroads through Mutual Agreement (which deductibles shall not, however, violate the requirements of the Master Trust Indenture, the Federal Loan and the ACTA Financing) and relating solely to the Rail Corridor and the Port-Owned Tracks (but not any casualty insurance premiums relating to automobiles, trucks or other wheeled equipment owned or leased by Owner or the Authority and not used solely in connection with operation or maintenance of the Rail Corridor or Port-Owned Tracks, which premiums shall be the responsibility of Owner or the Authority, as the case may be), (iv) costs of dispatching (including communication and signaling), (v) the cost of maintaining and repairing communications facilities, signals and interlockers, (vi) security costs, (vii) debris removal, (viii) costs of maintaining and repairing rails, ties, ballast, undercutting, drainage and surfacing, and other repairs, and (ix) the costs and expenses of the entities or parties responsible for inspecting, dispatching, securing, maintaining and/or repairing the Rail Corridor and/or the Port-Owned Tracks (including without limitation, the Corridor Dispatcher and the Corridor Maintenance Contractor) (and a charge for the reasonable overhead of such entities or parties).

M & O Charges shall not include replacement costs except to the extent that Owner and Railroads determine through Mutual Agreement that such costs are not properly included in Capital Expenses. In addition, each Railroad shall individually be 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 which exclusively benefit such Railroad.

With respect to the Port-Owned Tracks, if and to the extent that the Port Rail Agreements provide for the maintenance, repair or replacement of the Port-Owned Tracks, or the dispatching, switching and operation thereon, the Port Rail Agreements shall control with respect to the payment of the costs and expenses for such matters for so long as such agreements are in effect. In such event, the Railroads shall not be required to pay M & O Charges under the Operating Agreement with respect to the maintenance, repair, replacement, dispatching or switching operations of the Port-Owned Tracks because the Railroads are obligated to make payments for such matters under the Port Rail Agreements.

M & O Charges incurred in the maintenance and repair of Track and Track Support Structures of the Rail Corridor and the Port-Owned Tracks shall be pro-rated between the Railroads based on gross ton miles. All other M & O Charges shall be pro-rated between the Railroads based on train miles. The resulting amounts, collectively, shall be the Pro Rata Portions owed by each Railroad.

The budgeted M & O Charges for each calendar year (other than the calendar year in which Substantial Completion occurs) will be divided into 12 equal installments (each such monthly amount being referred to herein as the "Monthly Amount"). If Owner and Railroads, through Mutual Agreement, modify the budgeted M & O Charges during a year, the Monthly Amount shall be adjusted to reflect the revised budget, with any increase or decrease in the budget spread over the remainder of the year.

If an item or items to be funded through M & O Charges is scheduled to be performed before sufficient funds have accumulated through payment of the Monthly Amount, then Owner and Railroads, through Mutual Agreement, may require an accelerated payment of M & O Charges to fund such items(s).

The budgeted Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges will be paid from the Reserve Account, to the extent funds then are available in the Reserve Account. To the extent funds are not then available in the Reserve Account to pay any budgeted Capital Expenses, Non-Rail Maintenance and Capital Improvement Charges, or any other Capital Expenses and Non-Rail Maintenance and Capital Improvement Charges that Owner and Railroads, through Mutual Agreement, may from time to time determine to be necessary or appropriate (including to pay for any capital repairs or replacements that may be required as a result of a casualty event), each Railroad shall pay its Pro Rata Portion on a gross ton mile basis (based on each Railroad's Pro Rata Portion for the previous calendar year) of such Capital Expenses or Non-Rail Maintenance and Capital Improvement Charges.

Any payment of M & O Charges not made when due shall bear interest at the Overdue Rate until paid (in addition to all of the Authority's other remedies for such non-payment; see "Default and Remedies" below).

All M & O Charges shall be paid by the Railroads to the Authority (unless the Authority assigns its rights to receive such amounts to a trustee or other fiduciary in connection with the ACTA Financing) and placed by the Authority in a separate fund established by the Authority. The Authority shall use such fund for the sole purpose of promptly paying the M & O Charges. Except as otherwise expressly provided in the definition of M & O Charges, none of the Authority, POLA or POLB shall be responsible for the payment of any M & O Charges.

Shortfall Advances

If during any calendar year after Substantial Completion (or the partial calendar year in which Substantial Completion occurs) the Annual Amount payments due during such calendar year (or the initial partial year) and the Federal Loan payments due during such calendar year (or the initial partial year) (collectively, the "Required Annual Payment") are not paid in full, then POLA and POLB will advance to the Authority, from any legally available source, funds ("Shortfall Advances") sufficient to pay the positive difference between the Required Annual Payment due with respect to such year and the amount of other funds available to be applied against the Required Annual Payment in such year (exclusive of all reserves and other funds specifically pledged for other purposes). However, in no event shall the Shortfall Advances required to be made with respect to a calendar year (or the initial partial calendar year) exceed in the aggregate an amount equal to 40% of the total Annual Amount and Federal Loan payments due in such calendar year (or the initial partial calendar year).

Each of POLA and POLB shall be separately responsible for one-half of the Shortfall Advances due in a year, with neither entity responsible for the contribution required of the other. In no event shall POLA or POLB individually be required to pay in any calendar year (or partial year) an amount in excess of 20% of the Required Annual Payment due in such calendar year or the initial partial year.

The Shortfall Advances shall be allocated to fund shortfalls for such year in the following items and in the following order of priority: first, to the Annual Amount (other than any portion or tranche subordinated to the Federal Loan), second to the Federal Loan, and third, to any subordinated portion or tranche of the ACTA Financing.

In the event POLA or POLB fails to pay a Shortfall Advance in the year such payment is due, then the amount of such unpaid Shortfall Advance (the "Unpaid Shortfall") shall continue to accrue and be payable by POLA or POLB (as the case may be) on the first day of the following fiscal year. The obligation of POLA or POLB (as the case may be) to pay the Unpaid Shortfall shall be in addition to its obligation to pay Shortfall Advances. In the event such Unpaid Shortfall triggers a reamortization of the Federal Loan and causes an increase in the amount due on the Federal Loan for the following year, such increase shall be allocated entirely to the entity which has not paid for purposes of determining POLA's and POLB's respective Shortfall Advance, if any, for such following year. In the event such increase is included in the entity's Shortfall Advance for such subsequent year, then the amount of such entity's Unpaid Shortfall for the prior year shall be reduced by the amount of such increase.

If any portion or tranche of the ACTA Financing is subordinated as permitted by the Operating Agreement, then for the purposes of calculating Shortfall Advances only, the Annual Amount shall be deemed to include such subordinated portion or tranche and Shortfall Advances shall be applied thereto in the order of priority set forth above for Shortfall Advances.

The obligation of POLA and POLB to make Shortfall Advances shall continue even though Use Fees may be abated as the result of a complete blockage of all through tracks comprising the Rail Corridor for more than five consecutive days. The proceeds of any business interruption insurance with respect to such an abatement of Use Fees (and, if applicable, Container Charges) that are applied to the Required Annual Payment shall be taken into account in determining the amount of Shortfall Advances due.

Reserve Account

The Authority established a separate revolving fund/account fund to be held in trust by the trustee known as the Reserve Account (the "Reserve Account"), which shall be used by the Authority to pay when due the following: (i) annual maintenance and capital improvements and replacements of the Non-Rail Components, together with capital replacement of any rail bridge over the Rail Corridor (but only if (A) one of the Railroads actually is using the rail bridge at the time the capital replacement is needed, and (B) a third party, at its cost, is not providing the maintenance and/or capital improvement or replacement of such rail bridge) (collectively, "Non-Rail Maintenance and Capital Improvement Charges"); (ii) Capital Expenses; (iii) costs or fees charged by the financial institution or firm at which the Reserve Account is established for maintaining the Reserve Account and investing any funds therein; and (iv) if approved by Owner and Railroads through Mutual Agreement (or if both Railroads are in default under the Operating Agreement, then the Authority) to pay M & O Charges if and only to the extent such charges have not been paid by the Railroads and sufficient funds are not otherwise available therefor.

If the Reserve Account has insufficient funds to cover Capital Expenses and/or Non-Rail Maintenance and Capital Improvement Charges, then each Railroad shall pay its Pro Rata Portion on a gross ton mile basis of such Capital Expenses and/or Non-Rail Maintenance and Capital Improvement Charges.

Subject to the limits described in the following paragraph, the Reserve Account shall be funded over time from the Use Fee and Container Charge revenues 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 ("Reserve Account Target"). Once the Reserve Account Target has been met, Use Fee and Container Charge revenues shall be added to the Reserve Account only to the extent necessary to restore the balance therein to the then-current Reserve Account Target.

Until all amounts (including interest, if any) outstanding with respect to the Federal Loan, the ACTA Financing, Port Advances, the Property Assembly Reimbursement and the Benefit Amount have been paid in full, (i) no more than $10 million of Use Fees and Container Charges generated each year may be deposited in the Reserve Account, and (ii) the Reserve Account Target shall not exceed $90 million (except that these two restrictions shall not apply to deposits in the Reserve Account from the Property Assembly Reimbursement, or to income or interest earned on the Reserve Account). Furthermore, to the extent any amounts are withdrawn from the Reserve Account to pay M & O Charges, such amounts shall be replenished solely from payments of the Monthly Amount made by the Railroads and not from Use Fee and Container Charges.

In certain circumstances specified in the Operating Agreement, POLA and POLB may be required to contribute funds to the Reserve Account to ensure that at least $6 million ($3 million from each Port) is deposited in the Reserve Account during certain periods.

Starting April 2017, and every five years thereafter, Owner and Railroads, through Mutual Agreement, shall adjust the Reserve Account Target for the upcoming five-year period so that it will be equal to one-fifth of all costs potentially covered by the Reserve Account (including M & O Charges) that are projected to be incurred during the upcoming five year period, taking into account all relevant factors. In no event will the Reserve Account Target be reduced below $15 million.

Amounts placed in the Reserve Account shall be invested in accounts or investments selected by the Authority in accordance with the Authority's Investment Policy. Any income or interest earned on amounts in the Reserve Account shall be added to the Reserve Account (even if the addition of such amounts would result in the amount in the Reserve Account to exceed the then-current Reserve Account Target) and shall be available for application to the purposes specified above for the Reserve Account.

Defaults and Remedies

Defaults

Any of the following events shall be deemed a default by a Railroad under the Operating Agreement: (i) failure to pay any sums payable under the Operating Agreement (including M & O Charges, Capital Expenses, Use Fees or Container Charges) within 15 days after receipt of notice of such failure; or (ii) failure to perform any other obligation under the Operating Agreement or under any rule, regulation or procedure adopted pursuant to the Original Agreement or the Operating Agreement within 45 days after receipt of written notice by Owner or by the Authority, provided that if such Railroad commences to cure such failure but such failure cannot be cured within such 45-day period despite diligent pursuit of such cure, such Railroad shall be entitled to an extension of 45 days to cure such default if such Railroad continues to diligently pursue such cure.

Any of the following events shall be deemed a default by Owner under the Operating Agreement: (i) failure to pay any sums payable under the Operating Agreement (including Shortfall Advances) within 15 days after receipt of notice of such failure; or (ii) failure to perform any other obligation under the Operating Agreement or under any rule, regulation or procedure adopted pursuant to the Original Agreement or the Operating Agreement within 45 days after receipt of written notice by the Authority or by any Railroad, provided that if Owner commences to cure such failure but such failure cannot be cured within such 45-day period despite diligent pursuit of such cure, Owner shall be entitled to an extension of 45 days to cure such default if Owner continues to diligently pursue such cure.

The failure by the Authority to perform any of its obligations under the Operating Agreement within 45 days after receipt of written notice by any Railroad or by Owner shall be deemed a default under the Operating Agreement by the Authority, provided that if the Authority commences to cure such failure but such failure cannot be cured within such 45-day period despite diligent pursuit of such cure, the Authority shall be entitled to an extension of the period of time necessary to cure such failure if the Authority continues to diligently pursue such cure.

Remedies

In the event of a default or breach of any of the terms of the Operating Agreement, the non-defaulting party(ies) shall have all remedies available at law or in equity, including actual damages and/or specific performance. Any party to the Operating Agreement may bring an action against a defaulting party to recover damages suffered as a result of the default. However, only the Authority may bring an action to recover Use Fees, Container Charges, Shortfall Advances, M & O Charges, or other sums required to be paid to the Authority under the terms of the Operating Agreement. In addition, any payment that is not made when due under the Operating Agreement shall bear interest at the Overdue Rate until such payment is made.

After the occurrence of a material default or breach of the terms of the Operating Agreement by a Railroad and the failure of such Railroad to cure such material default or breach within the applicable cure period, Owner and the Authority (in addition to any other remedies they may have) each shall have the right either to terminate such Railroad's rights under the Operating Agreement to operate on the Rail Corridor and Port-Owned Tracks, or require such Railroad to transfer all of its rights under the Operating Agreement to another Railroad on terms and conditions acceptable to Owner and the Authority but which do not discriminate against any other Railroad. However, to the extent required under applicable law, such termination or transfer shall not take effect until it has been approved by any judicial or regulatory body with jurisdiction over such matters. In addition, if the amounts and obligations listed in the definition of Flow of Funds have not been paid in full, then Owner and the Authority may only exercise such transfer right and may not terminate the Operating Agreement.

In the event of a claim or dispute arising out of the Operating Agreement, as amended, or the Settlement Agreement, the disputing parties shall make good faith efforts to resolve the dispute through negotiation for a period of 30 days after receipt of written notice of the claim or dispute, which notice shall reference certain provisions of the Operating Agreement. After expiration of such 30 day period for negotiation, any disputing party may request non-binding mediation regarding such claim or dispute. In the event a claim or dispute submitted to mediation is not resolved by mediation, any subsequent lawsuit based upon such claim or dispute shall be initiated in Superior Court in the County of Los Angeles.

Assignment

Except as expressly permitted by the Operating Agreement, no party may assign its rights or delegate its duties under the Operating Agreement without the written consent of the other parties. The Operating Agreement expressly permits the following assignments: (a) The Authority may assign its rights and remedies under the Operating Agreement to a third party trustee or other fiduciary in connection with the ACT A Financing; (b) A Railroad may transfer all of its rights under the Operating Agreement to another Railroad if required by Owner or the Authority after a material breach or default by the transferring Railroad; (c) Owner may assign its rights (without any modification thereof) under the Operating Agreement to the Authority or another joint powers authority or government or public entity in which POLA and POLB are members (which entity must agree in writing to perform all of the obligations of Owner under the Operating Agreement); (d) POLA and POLB may transfer, lease or grant a license, permit or other rights in or to the Rail Corridor property to the Authority or another entity without assigning their rights under the Operating Agreement, (e) Owner may assign any of its obligations (without any modification thereof) under the Operating Agreement to an entity reasonably acceptable to the Railroads (which entity must agree in writing to perform all of the obligations of Owner under the Operating Agreement); (f) Owner may permit other Class I railroads, or financially responsible and experienced regional railroads, to use the Rail Corridor, provided that such use shall be on all of the terms and conditions of the Operating Agreement; (g) Any Railroad may assign all (but not less than all) of its rights under the Operating Agreement to another Railroad or to any other Class I railroad or a financially responsible and experienced regional railroad, without Owner's consent, provided that such other Railroad or railroad assumes all of the assigning Railroad's obligations under the Operating Agreement; (h) Any Railroad may assign all (but not less than all) of its rights under the Operating Agreement to its successor entity pursuant to a merger or reorganization, without Owner's consent, provided that the successor entity assumes all of the obligations of that Railroad under the Operating Agreement; and (i) Owner may, subject to the terms of the Port Rail Agreements, grant to a third party such trackage rights or operating easements over the Rail Corridor and the Port-Owned Tracks as may be necessary to gather, distribute and switch rail cars within the Port areas (as such Port areas are shown on Page 4 of the Map) and to and from the "Manuel Sidings," provided that such third party shall be subject to all of the terms and conditions of the Operating Agreement.

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APPENDIX F

DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

This Appendix F describes how ownership of the Series 2024 Bonds is to be transferred and how the principal of and interest on the Series 2024 Bonds are to be paid to and credited by Depository Trust Company ("DTC"), while the Series 2024 Bonds are registered in its nominee's name.

The information in this Appendix F concerning DTC, Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") and Clearstream Banking, S.A., Luxembourg ("Clearstream Banking") (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems"), and DTC's book-entry-only system has been provided by DTC, Euroclear and Clearstream Banking for use in disclosure documents such as this Official Statement.

DTC will act as the initial securities depository for the Series 2024 Bonds. Euroclear and Clearstream Banking are participants of DTC and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and the Authority expressly disclaims any responsibility to update this Official Statement to reflect any such changes. The information herein concerning the Clearing Systems has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Authority and the Underwriters will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2024 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2024 Bonds, or redemption or other notices, to participants of the Clearing Systems ("Participants") (2) Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2024 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC or the other Clearing Systems will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants (hereinafter defined) are on file with DTC.

DTC Book-Entry Only System

<u>Clearing Systems</u>

DTC will act initially as Securities Depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2024 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest Securities Depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. Nothing contained on such website is incorporated herein.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of beneficial ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2024 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed, unless other arrangements are made between the Authority and DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct

Participants to whose accounts Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor Securities Depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities Depository). In that event, Series 2024 Bonds will be printed and delivered in accordance with the Trust Indenture.

SO LONG AS CEDE & CO. IS THE REGISTERED HOLDER OF THE SERIES 2024 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES THERETO, TO THE REGISTERED HOLDERS OF THE SERIES 2024 BONDS OR BONDHOLDERS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS.

In reading this Official Statement it should be understood that while the Series 2024 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2024 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Trust Indenture will be given only to DTC.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking have advised as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

Any Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the Series 2024 Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Authority will not impose any fees in respect of holding the Series 2024 Bonds; however, holders of book-entry interests in the Series 2024 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Series 2024 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the Series 2024 Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Series 2024 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2024 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the Authority on the date of delivery of the Series 2024 Bonds.

Secondary Market Trading

Secondary market trades in the Series 2024 Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Series 2024 Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Series 2024 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2024 Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Series 2024 Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Series 2024 Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information

The Authority and the Underwriters expect that the Series 2024 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The international securities identification number, common code and CUSIP number for the Series 2024 Bonds are set out on the cover page of this Official Statement.

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Authority, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the Series 2024 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Authority and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2024 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Series 2024 Bonds, references in this Official Statement to registered owners of the Series 2024 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2024 Bonds.

Because DTC is treated as the owner of the Series 2024 Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Authority or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2024 Bonds that may be transmitted by or through DTC.

The Authority will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any Bonds;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any notice with respect to any Bonds including, without limitation, any notice of redemption with respect to any Bonds;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any Bonds; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the Authority and the Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the Bonds for all purposes whatsoever (subject to the rights of the applicable bond insurer, if any), including, without limitation:

- the payment of principal, premium, if any, and interest on the Series 2024 Bonds;
- giving notices of redemption and other matters with respect to the Series 2024 Bonds;
- registering transfers with respect to the Series 2024 Bonds; and
- the selection of Series 2024 Bonds for redemption.

APPENDIX G

PROPOSED FORM OF BOND COUNSEL AND SPECIAL TAX COUNSEL OPINIONS

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PROPOSED FORM OF BOND COUNSEL OPINION

February __, 2024

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

Re: *Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A, Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Refunding Bonds, Series 2024B, Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C, Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D*

We have served as Bond Counsel in connection with the issuance by the Alameda Corridor Transportation Authority (the "Authority") of its $______ Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds"), $______ Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Refunding Bonds, Series 2024B (the "Series 2024B Bonds"), $______ Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C (the "Series 2024C Bonds"), and $______ Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D (the "Series 2024D Bonds" and, together with the Series 2024A Bonds, the Series 2024B Bonds and the Series 2024C Bonds, the "2024 Bonds").

The 2024 Bonds are being issued pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500 and following (as it may be amended and supplemented, the "Joint Powers Act") and pursuant to a Master Trust Indenture, dated as of January 1, 1999, between the Authority and U.S. Bank Trust Company, National Association, as successor in trust to U.S. Bank National Association, as trustee (the "Trustee") (as previously amended and supplemented, the "Master Indenture"), and as further amended and supplemented by a Fifteenth Supplemental Trust Indenture, dated as of February 1, 2024 (the "Fifteenth Supplemental Indenture"), a Sixteenth Supplemental Trust Indenture, dated as of February 1, 2024, (the "Sixteenth Supplemental Indenture"), a Seventeenth Supplemental Trust Indenture, dated as of February 1, 2024, (the "Seventeenth Supplemental Indenture"), and an Eighteenth Supplemental Trust Indenture, dated as of February 1, 2024 (the "Eighteenth Supplemental Indenture" and, together with the Fifteenth Supplemental Indenture, Sixteenth Supplemental Indenture, Seventeenth Supplemental Trust Indenture and the Master Indenture, the "Indenture"). Except as otherwise indicated, capitalized terms used in this opinion and defined in the Indenture will have the meanings given in the Indenture.

In our capacity as Bond Counsel, we have examined (i) copies, certified to us as being true and complete copies, of the proceedings of the Authority for the authorization and issuance of the 2024 Bonds; (ii) the Indenture; and (iii) such other documents, records, agreements, opinions and certificates as we have considered necessary for the purposes of this opinion. In this connection we have also examined such certificates of public officials and officers of the Authority as we have considered necessary for the purposes of this opinion. We have also made such other investigations of fact and law as we have deemed necessary to render this opinion.

We have, with your approval, assumed the genuineness of all signatures, the authenticity of all items submitted to us as originals and the conformity with originals of all items submitted as copies.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The 2024 Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms and the terms of the Indenture.

2. The Indenture has been duly executed and delivered by the Authority and constitutes the legally, valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The 2024 Bonds, assuming due authentication by the Trustee, are entitled to the benefits of the Indenture.

3. The 2024 Bonds are special limited obligations of the Authority payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists primarily of Revenues. Neither the State of California, the Authority nor any other political subdivision is obligated to pay the principal of, premium, if any, or interest on the 2024 Bonds except to the extent of the Authority's obligation to pay from the Trust Estate, and neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the 2024 Bonds.

The opinions set forth above assume that the Trustee has duly authenticated the 2024 Bonds and are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws) and (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

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, and (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.

We express no opinion as to any provision in the Indenture or the 2024 Bonds with respect to the priority of any pledge or security interest, indemnification, contribution, choice of forum or governing law.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2024 Bonds.

We express no opinion as to any provision of the Indenture requiring written amendment or waivers of the Indenture insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

We express no opinion as to any federal or State tax consequences of the ownership of, receipt of interest on, or disposition of the 2024 Bonds.

This opinion is furnished by us as Bond Counsel to the Authority and may be relied upon by you only in connection with the issuance by the Authority of the 2024 Bonds. It may not be used or relied upon by you for any other purpose or by any other person, nor may copies be delivered to any other person, without in each instance our prior written consent. This opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This opinion speaks only as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that arise after the date of this opinion and come to our attention, or any future changes in laws.

Respectfully submitted,

PROPOSED FORM OF SPECIAL TAX COUNSEL OPINION

February __, 2024

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

RE: Alameda Corridor Transportation Authority's
$ ________ Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A,
$ ________ Taxable Senior Lien Revenue Refunding Bonds, Series 2024B,
$ ________ Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C, and
$ ________ Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D

Dear Ladies and Gentlemen:

We have served as Special Tax Counsel to the Alameda Corridor Transportation Authority (the "**Authority**") in connection with the issuance of its $_________ Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A (the "**2024A Bonds**"), $_________ Taxable Senior Lien Revenue Refunding Bonds, Series 2024B (the "**2024B Bonds**"), $_________ Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C (the "**2024C Bonds**" and, together with the 2024A Bonds, the "**Tax-Exempt Bonds**") and its $_________ Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D (the "**2024D Bonds**" and, together with the 2024B Bonds, the "**Taxable Bonds**"). A portion of the 2024A Bonds (the remaining portion are current interest bonds), the 2024D Bonds, and the Taxable Bonds are all capital appreciation bonds. The Tax-Exempt Bonds and the Taxable Bonds shall herein be referred to as the "**2024 Bonds**."

The 2024 Bonds are being issued pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500 and following (as it may be amended and supplemented, the "Joint Powers Act") and pursuant to a Master Trust Indenture, dated as of January 1, 1999, between the Authority and U.S. Bank Trust Company, National Association (as successor in trust to U.S. Bank National Association), as trustee (the "**Trustee**") (as previously amended and supplemented, the "**Master Indenture**"), and as further amended and supplemented by a Fifteenth Supplemental Trust Indenture, dated as of February 1, 2024 (the "**Fifteenth Supplemental Indenture**"), a Sixteenth Supplemental Trust Indenture, dated as of February 1, 2024 (the "**Sixteenth Supplemental Indenture**"), a Seventeenth Supplemental Trust Indenture, dated as of February 1, 2024 (the "**Seventeenth Supplemental Indenture**") and an Eighteenth Supplemental Trust Indenture, dated as of February 1, 2024 (the "**Eighteenth Supplemental Indenture**" and, together with the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture and the Master Indenture, the "**Indenture**"). Except as otherwise indicated, capitalized terms used in this opinion and defined in the Official Statement (defined below) or in the Indenture and will have the meanings given in the Indenture.

As Special Tax Counsel, we have examined the Indenture, the Tax and Nonarbitrage Certificate executed by the Authority and dated the issue date (the "**Tax Certificate**") and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein, although in doing so, we have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified herein, and we have assumed the genuineness of all signatures thereto. In addition, we have relied upon and examined the opinions of O'Melveny & Myers LLP, as Bond Counsel to the Authority, and certificates and representations of the Authority, the Trustee, and others, copies, certified to us as being true and complete.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of such questions of law as we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Internal Revenue Code of 1986 (the "Code") sets forth certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds for interest and original issue discount (including Accretions (defined below)) thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. Pursuant to the Indenture and 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 and original issue discount (including the Accretions) on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain additional covenants, representations and certifications in the Indenture and the Tax Certificate. We have not independently verified compliance with such covenants or the accuracy of those representations and certifications. For purposes hereof, "Accretions" shall mean the difference between the Accreted Value at maturity of each maturity of the Tax-Exempt Bonds and the initial principal amount thereof (to the extent the initial principal amount is not less than the Issue Price).

Under existing law, assuming compliance with the above-mentioned tax covenants and the accuracy of the above-mentioned representations and certifications, we are of the opinion that interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

Interest and original issue discount (including the Accretions) on the Tax-Exempt Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

2. Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes.

3. We are further of the opinion that the interest and original issue discount (including the Accretions) on the 2024 Bonds is exempt from personal income taxes of the State of California under present state law.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of or the amount, accrual or receipt of interest on the 2024 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the 2024 Bonds, or the interest thereon, if any action is taken with respect to the 2024 Bonds or the proceeds thereof upon the advice or approval of other counsel.

In rendering the opinions set forth in paragraphs 1, 2, and 3 above, we are relying upon representations and covenants of the Authority in the Tax Certificate concerning the investment and use of Tax-Exempt Bonds proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed and refinanced with the proceeds of the Tax-Exempt Bonds. In addition, we have assumed that all such representations are true and correct and that the Authority will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Tax-Exempt Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the Authority fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement, dated ________, 2024 (the “Official Statement”) or other offering material relating to the 2024 Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur.

We call attention to the fact that the opinions expressed herein and the exclusion of interest due on the Tax-Exempt Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully Submitted,

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APPENDIX H

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Certificate**") is executed and delivered, effective February 6, 2024, by the Alameda Corridor Transportation Authority (the "**Authority**"); the City of Long Beach, acting by and through its Board of Harbor Commissioners ("**POLB**"); and the City of Los Angeles, acting by and through its Board of Harbor Commissioners ("**POLA**"), in connection with the issuance by the Authority of its Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A (the "S**eries 2024A Bonds**"), its Taxable Senior Lien Revenue Refunding Bonds, Series 2024B (the "**Series 2024B Bonds**"), its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C (the "**Series 2024C Bonds**"), its Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D (the "**Series 2024D Bonds**", and collectively with the Series 2024A Bonds, the Series 2024B Bonds, and the Series 2024C Bonds, the "**Bonds**"). The Series 2024A Bonds were issued pursuant to the terms of a Master Trust Indenture dated as of January 1, 1999, by and between the Authority and U.S. Bank Trust Company, National Association (as successor in trust to U.S. Bank National Association), as trustee (the "**Trustee**"), as previously amended and supplemented (the "**Master Indenture**"), and as further amended and supplemented by that certain Fifteenth Supplemental Trust Indenture, dated as of February 1, 2024 by and between the Authority and the Trustee (the "**Fifteenth Supplemental Trust Indenture**"). The Series 2024B Bonds were issued pursuant to the terms of the Master Trust Indenture, as further amended and supplemented by that certain Sixteenth Supplemental Trust Indenture dated as of February 1, 2024 by and between the Authority and the Trustee (the "**Sixteenth Supplemental Trust Indenture**"). The Series 2024C Bonds were issued pursuant to the terms of the Master Trust Indenture, as further amended and supplemented by that certain Seventeenth Supplemental Trust Indenture dated as of February 1, 2024 by and between the Authority and the Trustee (the "**Seventeenth Supplemental Trust Indenture**"). The Series 2024D Bonds were issued pursuant to the terms of the Master Trust Indenture, as further amended and supplemented by that certain Eighteenth Supplemental Trust Indenture dated as of February 1, 2024 by and between the Authority and the Trustee (the "**Eighteenth Supplemental Trust Indenture**", and together with the Fifteenth Supplemental Trust Indenture, the Sixteenth Supplemental Trust Indenture, and the Seventeenth Supplemental Trust Indenture, the "**Indenture**").

The Authority, POLB and POLA hereby covenant as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority, POLB and POLA for the benefit of the Owners and Beneficial Owners (as defined below) of the Bonds and in order to assist the Underwriters (as defined below) in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Official Statement (as defined below), which apply to any capitalized terms used in this Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"**1999 Bonds**" means the Authority's: (i) Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Bonds, Series 1999A, (ii) Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 1999B, (iii) Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Bonds, Series 1999C, and (iv) Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 1999D.

"**2004 Bonds**" means the Authority's: (i) Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A, and (ii) Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 2004B.

"**Annual Report**" means the annual report filed by the Authority pursuant to, and as described in, Section 3 and 4 of this Certificate.

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

"**Commission**" means the Securities and Exchange Commission, or any successor body thereto.

"**Dissemination Agent**" means any person appointed in writing by the Authority to act as the Authority's agent in complying with the filing requirements of the Rule. As of the date of this Certificate, the Authority has not appointed a Dissemination Agent.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosure (http://emma.msrb.org) or any other dissemination agent or conduit required, designated or permitted by the Commission.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Filing Date**" has the meaning given to it in Section 3(a) of this Certificate.

"**Financial Obligation**" means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"**Listed Events**" means any of the events listed in Section 5 of this Certificate.

"**MSRB**" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Exchange Act, or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule.

"**Official Statement**" means the final official statement dated January 23, 2024, of the Authority relating to the Bonds.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"**Underwriters**" means the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds on the effective date of this Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Authority, on behalf of itself and POLB and POLA, must, or must cause the Dissemination Agent to, not later than April 1 (or June 1, with respect to POLB's obligations under this Certificate, on and after the date that the 1999 Bonds and the 2004 Bonds are no longer Outstanding) of each year in which any of the Bonds are outstanding (the "**Filing Date**"), commencing April 1, 2024, with respect to the report for the fiscal year ending in 2023, provide an Annual Report consistent with the requirements of Section 4 of this Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Authority, POLB and POLA may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date.

(b) Not later than 15 Business Days prior to the Filing Date, the Authority must provide such Annual Report to the Dissemination Agent (if one has been appointed). If the Authority is unable to file such Annual Report with the MSRB through EMMA by the Filing Date, the Authority must file a notice with the MSRB through EMMA in substantially the form of **Error! Reference source not found.** to this Certificate.

(c) POLB and POLA must each provide to the Authority:

(i) Not later than March 1 (or May 1, with respect to POLB's obligations under this Certificate, on and after the date that the 1999 Bonds and the 2004 Bonds are no longer Outstanding) after the end of each of its respective fiscal years, commencing with the fiscal year ending in 2023, the applicable information described in Section 4(b) and Section 4(c) of this Certificate.

(ii) At any other time any information requested by the Authority with respect to other disclosure obligations.

(iii) Prompt notice of any change in POLB's or POLA's, as applicable, fiscal year.

(iv) Notice of each of the following, as applicable, in sufficient time for the Authority to meet its obligations under Section 5 of this Certificate: (i) any bankruptcy, insolvency, receivership or similar event of POLB or POLA, (ii) the consummation of any merger, consolidation or acquisition involving POLB or POLA, (iii) the sale of all or substantially all of the assets of POLB or POLA other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, and/or (iv) the appointment of a receiver, fiscal agent or similar officer for POLB or POLA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of POLB or POLA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision over substantially all of the assets or business of POLB or POLA.

(v) Prompt notice that the obligation of POLB or POLA, as the case may be, under this Certificate has been assumed in full by some other entity and evidence that such entity is responsible for compliance with this Certificate in the same manner as if it were POLB or POLA, as the case may be.

(d) If the Authority's fiscal year changes or the Authority receives notice from POLB or POLA that POLB's or POLA's fiscal year changed, the Authority will give notice of such change in the same manner as for a Listed Event under Section 5 of this Certificate.

(e) The Dissemination Agent (if one has been appointed) must (i) determine each year prior to the Filing Date and (ii) file a report with the Authority certifying that the Annual Report has been filed with the MSRB through EMMA pursuant to this Certificate, stating the date it was provided.

SECTION 4. <u>Content of Annual Reports</u>. The Annual Reports must contain or include by reference the following:

(a) Information Relating to the Authority.

(i) The audited financial statements of the Authority for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the Filing Date, the Annual Reports must contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements must be filed in the same manner as the Annual Reports when they become available.

(ii) To the extent not included in the audited financial statements of the Authority, the Annual Report must contain or include by reference (i) for the most recently completed calendar year, as described in the Appendix A to the Official Statement under the heading "THE RAIL CORRIDOR AND RELATED PROJECTS - Maintenance and Operation of the Rail Corridor - M & O Charges," the Monthly Amount (as defined in the Official Statement) and the amount the Railroads (as defined in the Official Statement) paid for insurance premiums, and (ii) information for the most recently completed fiscal year or calendar year, as applicable, in form and substance substantially similar to the information in the following tables set forth in the Official Statement:

(I) Table 1 – "Alameda Corridor Transportation Authority – Outstanding Senior Lien, First Subordinate and Second Subordinate Lien Bonds;"

(II) Table 5 – "Schedule of Use Fees;"

(III) Table 6 – "Use Fees and Container Charges;"

(IV) Table 7 – "Ports of Long Beach and Los Angeles and Authority Container Throughput" (providing only the Authority information for the most recently completed calendar year);

(V) Table 8 – "Alameda Corridor Transportation Authority – Container Charges and Use Fees;"

(VI) Table 9 – "Alameda Corridor Transportation Authority – Container Charge and Use Fee Revenue"

(VII) Table 10 – "Alameda Corridor Transportation Authority – Statements of Revenues, Expenses and Changes in Net Position;"

(VIII) Table 11 – "Historical Authority Revenue Debt Service Coverage."

(IX) Table 13 – "Historical Dedicated Revenue Debt Service Coverage."

(b) Information Relating to POLB.

(i) The audited financial statements of POLB for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If POLB's audited financial statements are not available by the Filing Date, the Annual Reports must contain unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the Bonds, and the audited financial statements must be filed in the same manner as the Annual Reports when they become available.

(ii) To the extent not included in the audited financial statements of POLB, the Annual Report must contain or include by reference (i) the outstanding principal amount of POLB's Harbor Revenue Bonds and (ii) information for the most recently completed fiscal year, calendar year or twelve month period, as applicable, in form and substance substantially similar to the information in the following tables set forth in the Official Statement :

(I) Table C-1 – "Port of Long Beach - Operating Revenues;"

(II) Table C-2 – "Port of Long Beach - Leading Revenue Producers;"

(III) Table C-3 – "Port of Long Beach - Revenue Tonnage and TEU Summary,"

(IV) Table C-4 – "Port of Long Beach - Revenue Tonnage by Cargo Type,"

(V) Table C-5 – "Port of Long Beach - Container Traffic" (providing only the information for the most recently completed calendar year);

(VI) Table C-6 – "Port of Long Beach - Container Traffic" (providing only the information for the most recently completed POLB fiscal year); and

(VII) Table C-7 – "Port of Long Beach - Comparative Summary of Statements of Revenues and Expenses."

(c) Information Relating to POLA.

(i) The audited financial statements of POLA for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If POLA's audited financial statements are not available by the Filing Date, the Annual Reports must contain unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the Bonds, and the audited financial statements must be filed in the same manner as the Annual Reports when they become available.

(ii) To the extent not included in the audited financial statements of POLA, the Annual Report must contain or include by reference (i) the outstanding principal amount of POLA's Parity Obligations (as defined in the Official Statement) and (ii) information for the most recently completed fiscal year or calendar year, as applicable, in form and substance substantially similar to the information in the following tables set forth in the Official Statement:

(I) Table B-1 – "Major Permittees (Tenants) of the Port of Los Angeles;"

(II) Table B-2 – "Port of Los Angeles - Summary of Revenues, Expenses and Net Assets;"

(III) Table B-3 – "Port of Los Angeles - Revenue Tonnage by Cargo Type;"

(IV) Table B-4 – "Port of Los Angeles - Container Traffic" (providing only the information for the most recently completed calendar year);

(V) Table B-5 – "Port of Los Angeles - Container Traffic" (providing only the information for the most recently completed POLA fiscal year); and

(VI) Table B-6 – "Port of Los Angeles - Shipping Revenue Breakdown."

Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Authority, POLB, POLB or related public entities, which have been filed with the MSRB through EMMA or the Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Authority must clearly identify each such other document so included by reference. The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the Authority to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Authority, POLB or POLA or to reflect changes in the business, structure, operations, legal form of the Authority, POLB or POLA or any mergers, consolidations, acquisitions or dispositions made by or affecting the Authority, POLB or POLA; provided that any such modifications must comply with the requirements of the Rule.

SECTION 5. Reporting of Listed Events.

(a) The Authority must file, in a timely manner, but not more than ten (10) business days after its occurrence, with the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the Authority, POLA or POLB; or

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Authority, POLA or POLB, any of which reflect financial difficulties.

Note for purposes of the event described in subsection (ix) of this Section 5, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for the Authority, POLB or POLA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, POLB or POLA, as applicable, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision over substantially all of the assets or business of the Authority, POLB or POLA, as applicable.

(b) the Authority must give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

(i) Unless described in Section 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Bond holders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution, or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional trustee or the change of name of a trustee for the Bonds; or

(viii) Incurrence of a Financial Obligation of the Authority, POLA or POLB, or agreement to covenants, events of default, remedies, priority rights or other similar items of a Financial Obligation of the Authority, POLA or POLB, any of which affect security holders.

(c) Whenever (i) the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(a) or (ii) the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) and has determined that knowledge of the occurrence of such a Listed Event would be material under applicable federal securities laws, the Authority must promptly report the occurrence pursuant to subsection (d) of this Section 5.

(d) the Authority must file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB, with a copy to the Authority.

SECTION 6. Termination of Reporting Obligation. The Authority's, POLB's and POLA's obligations under this Certificate will terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Authority, POLB or POLA, as the case may be, is otherwise no longer an obligated person within the meaning of the Rule with respect to the Bonds. If the Authority's, POLB's or POLA's, as the case may be, obligations under this Certificate are assumed in full by some other entity, such person is responsible for compliance with this Certificate in the same manner as if it were the Authority, POLB or POLA, as the case may be, and the Authority, POLB or POLA, as the case may be, will have no further responsibility under this Certificate. The Authority must provide timely notice to the MSRB of the termination of the Authority's, POLB's or POLA's, as the case may be, obligations under this Certificate pursuant to an assumption of its or their obligations under this Certificate.

SECTION 7. Dissemination Agent. The Authority may**,** from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days written notice to the Authority. The Dissemination Agent is not responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Authority, POLB and POLA may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

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

SECTION 9. Additional Information. Nothing in this certificate may be deemed to prevent the Authority, POLB or POLA from disseminating any other information, including the information then contained in the Authority's, POLB's or POLA's official statements or other disclosure documents relating to debt issuance, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report notice of occurrence of a Listed

Event, in addition to that which is required by this Certificate. If the Authority, POLB or POLA chooses to include any information in any Annual Report or notice of occurrence of Listed Event in addition to that which is specifically required by this Certificate, neither the Authority, POLB nor POLA will have any obligation under this Certificate to update such information or include it in any future Annual Report or notice of a Listed Event.

SECTION 10. Documents Provided to the MSRB. All documents provided to the MSRB must be in electronic format and accompanied by identifying information, all as prescribed by the MSRB. Notice of the Listed Events described in Section 5 need not be given under this Section any earlier than the notice of the underlying event is given to Holders of the Bonds pursuant to the Indenture.

SECTION 11. Default. In the event of a failure of the Authority, POLB or POLA to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority, POLB or POLA, as the case may be, to comply with its obligations under this Certificate. A default under this Certificate will not be deemed an Event of Default under the Indenture, and the sole and exclusive remedy under this Certificate in the event of any failure of the Authority, POLB or POLA to comply with this Certificate will be an action to compel performance, and no person or entity will be entitled to recover monetary damages under this Certificate.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent will have only such duties as are specifically set forth in this Certificate, and the Authority agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Certificate will inure solely to the benefit of the Authority, POLB, POLA, the Dissemination Agent, the Underwriters, the Owners and Beneficial Owners from time to time of the Bonds, and creates no rights in any other person or entity.

SECTION 14. Counterparts. This Certificate may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

SECTION 15. Governing Law. This Certificate is governed by the laws of the State of California and the federal securities laws.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Continuing Disclosure Certificate to be executed as of the date first above written.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

By: ____________________________________
Kevin Scott
Chief Executive Officer

ATTEST:
By: ____________________________________
Name: __________________________________
Its: ____________________________________

The foregoing document is hereby approved as to form:
By: ____________________________________
Name: __________________________________
Title: Co-General Counsel
Date: ___________________________________

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

By: ____________________________________
Name: __________________________________
Its: ____________________________________

The foregoing document is hereby approved as to form:
By: ____________________________________
Name: __________________________________
Title: ___________________________________
Date: ___________________________________

CITY OF LOS ANGELES, acting by and through its Board of Harbor Commissioners

By: ____________________________________
Name: __________________________________
Its: ____________________________________

The foregoing document is hereby approved as to form:
By: ____________________________________
Name: __________________________________
Title: ___________________________________
Date: ___________________________________

EXHIBIT A

FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT

Obligated Person:	Alameda Corridor Transportation Authority
Name of Issue:	Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Refunding Bonds, Series 2024B Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D
Issuance Date:	February 6, 2024

NOTICE IS HEREBY GIVEN that the ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY (the "**Authority**") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated as of __________, executed and delivered by the Authority; the City of Long Beach, acting by and though its Board of Harbor Commissioners; and the City of Los Angeles, acting by and through its Board of Harbor Commissioners.

Dated: _______________

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

By: ________________________________
Title: ________________________________

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APPENDIX I
ACCRETED VALUE TABLES

Following are the Accreted Value Tables for the Series 2024 Bonds that are Capital Appreciation Bonds. See "DESCRIPTION OF THE SERIES 2024 BONDS."

Series 2024A Capital Appreciation Bonds

	Maturing October 1, 2051	Maturing October 1, 2052	Maturing October 1, 2053
Feb. 6, 2024	$1,325.20	$1,256.00	$1,190.00
Apr. 1, 2024	1,334.95	1,265.30	1,198.80
Oct. 1, 2024	1,367.40	1,296.20	1,228.20
Apr. 1, 2025	1,400.65	1,327.80	1,258.30
Oct. 1, 2025	1,434.65	1,360.20	1,289.10
Apr. 1, 2026	1,469.50	1,393.40	1,320.70
Oct. 1, 2026	1,505.25	1,427.40	1,353.05
Apr. 1, 2027	1,541.80	1,462.25	1,386.20
Oct. 1, 2027	1,579.30	1,497.90	1,420.15
Apr. 1, 2028	1,617.65	1,534.45	1,454.95
Oct. 1, 2028	1,656.95	1,571.90	1,490.60
Apr. 1, 2029	1,697.25	1,610.25	1,527.15
Oct. 1, 2029	1,738.45	1,649.55	1,564.55
Apr. 1, 2030	1,780.70	1,689.80	1,602.90
Oct. 1, 2030	1,824.00	1,731.00	1,642.15
Apr. 1, 2031	1,868.30	1,773.25	1,682.40
Oct. 1, 2031	1,913.70	1,816.55	1,723.60
Apr. 1, 2032	1,960.20	1,860.85	1,765.85
Oct. 1, 2032	2,007.85	1,906.25	1,809.10
Apr. 1, 2033	2,056.65	1,952.75	1,853.40
Oct. 1, 2033	2,106.60	2,000.40	1,898.85
Apr. 1, 2034	2,157.80	2,049.25	1,945.35
Oct. 1, 2034	2,210.25	2,099.25	1,993.00
Apr. 1, 2035	2,263.95	2,150.45	2,041.85
Oct. 1, 2035	2,318.95	2,202.90	2,091.85
Apr. 1, 2036	2,375.35	2,256.70	2,143.10
Oct. 1, 2036	2,433.05	2,311.75	2,195.65
Apr. 1, 2037	2,492.15	2,368.15	2,249.40
Oct. 1, 2037	2,552.75	2,425.95	2,304.55
Apr. 1, 2038	2,614.75	2,485.10	2,361.00
Oct. 1, 2038	2,678.30	2,545.75	2,418.85
Apr. 1, 2039	2,743.40	2,607.90	2,478.10
Oct. 1, 2039	2,810.05	2,671.50	2,538.80
Apr. 1, 2040	2,878.35	2,736.70	2,601.00
Oct. 1, 2040	2,948.30	2,803.45	2,664.75
Apr. 1, 2041	3,019.90	2,871.90	2,730.05
Oct. 1, 2041	3,093.30	2,941.95	2,796.90
Apr. 1, 2042	3,168.50	3,013.75	2,865.45
Oct. 1, 2042	3,245.45	3,087.25	2,935.65
Apr. 1, 2043	3,324.35	3,162.60	3,007.55
Oct. 1, 2043	3,405.10	3,239.75	3,081.25
Apr. 1, 2044	3,487.85	3,318.80	3,156.75
Oct. 1, 2044	3,572.60	3,399.80	3,234.10
Apr. 1, 2045	3,659.45	3,482.75	3,313.30
Oct. 1, 2045	3,748.35	3,567.75	3,394.50
Apr. 1, 2046	3,839.45	3,654.80	3,477.65
Oct. 1, 2046	3,932.75	3,743.95	3,562.85
Apr. 1, 2047	4,028.30	3,835.30	3,650.15
Oct. 1, 2047	4,126.20	3,928.90	3,739.60
Apr. 1, 2048	4,226.45	4,024.75	3,831.20
Oct. 1, 2048	4,329.15	4,123.00	3,925.05
Apr. 1, 2049	4,434.35	4,223.60	4,021.25
Oct. 1, 2049	4,542.10	4,326.65	4,119.75
Apr. 1, 2050	4,652.50	4,432.20	4,220.70
Oct. 1, 2050	4,765.55	4,540.35	4,324.10
Apr. 1, 2051	4,881.35	4,651.15	4,430.05
Oct. 1, 2051	5,000.00	4,764.60	4,538.60
Apr. 1, 2052		4,880.90	4,649.75
Oct. 1, 2052		5,000.00	4,763.70
Apr. 1, 2053			4,880.40
Oct. 1, 2053			5,000.00

Series 2024B Capital Appreciation Bonds

	Maturing October 1, 2043	Maturing October 1, 2046	Maturing October 1, 2050	Maturing October 1, 2051
Feb. 6, 2024	$1,523.90	$1,254.45	$ 961.85	$ 899.35
Apr. 1, 2024	1,538.05	1,266.25	971.00	907.90
Oct. 1, 2024	1,585.25	1,305.45	1,001.45	936.50
Apr. 1, 2025	1,633.90	1,345.90	1,032.90	966.00
Oct. 1, 2025	1,684.05	1,387.65	1,065.35	996.45
Apr. 1, 2026	1,735.75	1,430.65	1,098.80	1,027.85
Oct. 1, 2026	1,789.00	1,474.95	1,133.35	1,060.20
Apr. 1, 2027	1,843.90	1,520.70	1,168.95	1,093.60
Oct. 1, 2027	1,900.50	1,567.80	1,205.65	1,128.05
Apr. 1, 2028	1,958.80	1,616.40	1,243.50	1,163.60
Oct. 1, 2028	2,018.95	1,666.50	1,282.55	1,200.25
Apr. 1, 2029	2,080.90	1,718.15	1,322.85	1,238.10
Oct. 1, 2029	2,144.75	1,771.40	1,364.40	1,277.10
Apr. 1, 2030	2,210.60	1,826.30	1,407.25	1,317.35
Oct. 1, 2030	2,278.45	1,882.90	1,451.40	1,358.85
Apr. 1, 2031	2,348.35	1,941.25	1,497.00	1,401.65
Oct. 1, 2031	2,420.45	2,001.40	1,544.00	1,445.80
Apr. 1, 2032	2,494.70	2,063.40	1,592.50	1,491.35
Oct. 1, 2032	2,571.25	2,127.35	1,642.50	1,538.35
Apr. 1, 2033	2,650.20	2,193.30	1,694.10	1,586.80
Oct. 1, 2033	2,731.50	2,261.25	1,747.30	1,636.80
Apr. 1, 2034	2,815.35	2,331.35	1,802.20	1,688.35
Oct. 1, 2034	2,901.75	2,403.60	1,858.80	1,741.55
Apr. 1, 2035	2,990.80	2,478.05	1,917.15	1,796.45
Oct. 1, 2035	3,082.60	2,554.85	1,977.35	1,853.05
Apr. 1, 2036	3,177.20	2,634.05	2,039.45	1,911.40
Oct. 1, 2036	3,274.70	2,715.65	2,103.50	1,971.65
Apr. 1, 2037	3,375.20	2,799.85	2,169.60	2,033.75
Oct. 1, 2037	3,478.80	2,886.60	2,237.70	2,097.80
Apr. 1, 2038	3,585.55	2,976.05	2,308.00	2,163.90
Oct. 1, 2038	3,695.60	3,068.30	2,380.50	2,232.10
Apr. 1, 2039	3,809.05	3,163.35	2,455.25	2,302.40
Oct. 1, 2039	3,925.95	3,261.40	2,532.35	2,374.95
Apr. 1, 2040	4,046.40	3,362.45	2,611.85	2,449.75
Oct. 1, 2040	4,170.60	3,466.70	2,693.90	2,526.95
Apr. 1, 2041	4,298.60	3,574.10	2,778.50	2,606.55
Oct. 1, 2041	4,430.55	3,684.85	2,865.75	2,688.70
Apr. 1, 2042	4,566.50	3,799.05	2,955.75	2,773.40
Oct. 1, 2042	4,706.65	3,916.80	3,048.60	2,860.75
Apr. 1, 2043	4,851.10	4,038.20	3,144.35	2,950.90
Oct. 1, 2043	5,000.00	4,163.35	3,243.10	3,043.85
Apr. 1, 2044		4,292.35	3,344.95	3,139.75
Oct. 1, 2044		4,425.35	3,450.00	3,238.70
Apr. 1, 2045		4,562.50	3,558.30	3,340.70
Oct. 1, 2045		4,703.90	3,670.05	3,445.95
Apr. 1, 2046		4,849.70	3,785.35	3,554.55
Oct. 1, 2046		5,000.00	3,904.20	3,666.50
Apr. 1, 2047			4,026.80	3,782.05
Oct. 1, 2047			4,153.30	3,901.20
Apr. 1, 2048			4,283.70	4,024.10
Oct. 1, 2048			4,418.25	4,150.85
Apr. 1, 2049			4,557.00	4,281.65
Oct. 1, 2049			4,700.10	4,416.55
Apr. 1, 2050			4,847.75	4,555.70
Oct. 1, 2050			5,000.00	4,699.20
Apr. 1, 2051				4,847.25
Oct. 1, 2051				5,000.00

Series 2024C Capital Appreciation Bonds

	Maturing October 1, 2049	Maturing October 1, 2053
Feb. 6, 2024	$1,444.25	$1,146.05
Apr. 1, 2024	1,454.95	1,154.80
Oct. 1, 2024	1,490.60	1,183.85
Apr. 1, 2025	1,527.15	1,213.60
Oct. 1, 2025	1,564.55	1,244.15
Apr. 1, 2026	1,602.90	1,275.40
Oct. 1, 2026	1,642.15	1,307.50
Apr. 1, 2027	1,682.40	1,340.40
Oct. 1, 2027	1,723.60	1,374.10
Apr. 1, 2028	1,765.85	1,408.65
Oct. 1, 2028	1,809.10	1,444.10
Apr. 1, 2029	1,853.40	1,480.40
Oct. 1, 2029	1,898.85	1,517.65
Apr. 1, 2030	1,945.35	1,555.80
Oct. 1, 2030	1,993.00	1,594.95
Apr. 1, 2031	2,041.85	1,635.05
Oct. 1, 2031	2,091.85	1,676.15
Apr. 1, 2032	2,143.10	1,718.30
Oct. 1, 2032	2,195.65	1,761.55
Apr. 1, 2033	2,249.40	1,805.85
Oct. 1, 2033	2,304.55	1,851.25
Apr. 1, 2034	2,361.00	1,897.80
Oct. 1, 2034	2,418.85	1,945.55
Apr. 1, 2035	2,478.10	1,994.50
Oct. 1, 2035	2,538.80	2,044.65
Apr. 1, 2036	2,601.00	2,096.05
Oct. 1, 2036	2,664.75	2,148.80
Apr. 1, 2037	2,730.05	2,202.85
Oct. 1, 2037	2,796.90	2,258.25
Apr. 1, 2038	2,865.45	2,315.00
Oct. 1, 2038	2,935.65	2,373.25
Apr. 1, 2039	3,007.55	2,432.95
Oct. 1, 2039	3,081.25	2,494.10
Apr. 1, 2040	3,156.75	2,556.85
Oct. 1, 2040	3,234.10	2,621.15
Apr. 1, 2041	3,313.30	2,687.10
Oct. 1, 2041	3,394.50	2,754.65
Apr. 1, 2042	3,477.65	2,823.95
Oct. 1, 2042	3,562.85	2,894.95
Apr. 1, 2043	3,650.15	2,967.75
Oct. 1, 2043	3,739.60	3,042.40
Apr. 1, 2044	3,831.20	3,118.95
Oct. 1, 2044	3,925.05	3,197.35
Apr. 1, 2045	4,021.25	3,277.80
Oct. 1, 2045	4,119.75	3,360.20
Apr. 1, 2046	4,220.70	3,444.75
Oct. 1, 2046	4,324.10	3,531.35
Apr. 1, 2047	4,430.05	3,620.20
Oct. 1, 2047	4,538.60	3,711.25
Apr. 1, 2048	4,649.75	3,804.55
Oct. 1, 2048	4,763.70	3,900.25
Apr. 1, 2049	4,880.40	3,998.35
Oct. 1, 2049	5,000.00	4,098.90
Apr. 1, 2050		4,202.00
Oct. 1, 2050		4,307.70
Apr. 1, 2051		4,416.00
Oct. 1, 2051		4,527.10
Apr. 1, 2052		4,640.95
Oct. 1, 2052		4,757.65
Apr. 1, 2053		4,877.30
Oct. 1, 2053		5,000.00

Series 2024D Capital Appreciation Bonds

	Maturing October 1, 2038	Maturing October 1, 2039	Maturing October 1, 2040	Maturing October 1, 2041	Maturing October 1, 2042	Maturing October 1, 2043
Feb. 6, 2024	$2,032.65	$1,905.75	$1,771.75	$1,659.05	$1,552.90	$1,453.00
Apr. 1, 2024	2,051.85	1,923.80	1,788.70	1,674.95	1,567.85	1,467.05
Oct. 1, 2024	2,115.85	1,984.00	1,845.30	1,728.10	1,617.80	1,513.90
Apr. 1, 2025	2,181.85	2,046.05	1,903.65	1,782.95	1,669.30	1,562.25
Oct. 1, 2025	2,249.90	2,110.10	1,963.90	1,839.55	1,722.45	1,612.15
Apr. 1, 2026	2,320.05	2,176.10	2,026.05	1,897.95	1,777.30	1,663.65
Oct. 1, 2026	2,392.40	2,244.20	2,090.15	1,958.20	1,833.85	1,716.75
Apr. 1, 2027	2,467.05	2,314.45	2,156.30	2,020.35	1,892.25	1,771.60
Oct. 1, 2027	2,544.00	2,386.85	2,224.50	2,084.50	1,952.50	1,828.20
Apr. 1, 2028	2,623.35	2,461.55	2,294.90	2,150.65	2,014.70	1,886.60
Oct. 1, 2028	2,705.15	2,538.55	2,367.50	2,218.90	2,078.85	1,946.85
Apr. 1, 2029	2,789.55	2,618.00	2,442.40	2,289.35	2,145.00	2,009.05
Oct. 1, 2029	2,876.55	2,699.90	2,519.70	2,362.00	2,213.30	2,073.20
Apr. 1, 2030	2,966.25	2,784.40	2,599.40	2,436.95	2,283.80	2,139.40
Oct. 1, 2030	3,058.75	2,871.50	2,681.65	2,514.30	2,356.50	2,207.75
Apr. 1, 2031	3,154.20	2,961.35	2,766.50	2,594.10	2,431.55	2,278.25
Oct. 1, 2031	3,252.55	3,054.05	2,854.05	2,676.45	2,508.95	2,351.05
Apr. 1, 2032	3,354.00	3,149.60	2,944.35	2,761.40	2,588.85	2,426.15
Oct. 1, 2032	3,458.60	3,248.15	3,037.50	2,849.05	2,671.30	2,503.60
Apr. 1, 2033	3,566.50	3,349.80	3,133.60	2,939.50	2,756.35	2,583.60
Oct. 1, 2033	3,677.75	3,454.60	3,232.75	3,032.80	2,844.10	2,666.10
Apr. 1, 2034	3,792.45	3,562.70	3,335.05	3,129.05	2,934.65	2,751.25
Oct. 1, 2034	3,910.75	3,674.15	3,440.55	3,228.35	3,028.10	2,839.15
Apr. 1, 2035	4,032.70	3,789.15	3,549.40	3,330.85	3,124.50	2,929.80
Oct. 1, 2035	4,158.50	3,907.70	3,661.70	3,436.55	3,224.00	3,023.40
Apr. 1, 2036	4,288.20	4,029.95	3,777.60	3,545.65	3,326.65	3,119.95
Oct. 1, 2036	4,421.95	4,156.05	3,897.10	3,658.15	3,432.55	3,219.60
Apr. 1, 2037	4,559.85	4,286.10	4,020.40	3,774.30	3,541.85	3,322.45
Oct. 1, 2037	4,702.10	4,420.20	4,147.60	3,894.10	3,654.65	3,428.55
Apr. 1, 2038	4,848.75	4,558.55	4,278.85	4,017.70	3,771.00	3,538.10
Oct. 1, 2038	5,000.00	4,701.15	4,414.25	4,145.20	3,891.05	3,651.10
Apr. 1, 2039		4,848.25	4,553.90	4,276.75	4,014.95	3,767.70
Oct. 1, 2039		5,000.00	4,698.00	4,412.50	4,142.80	3,888.05
Apr. 1, 2040			4,846.65	4,552.55	4,274.70	4,012.25
Oct. 1, 2040			5,000.00	4,697.05	4,410.80	4,140.40
Apr. 1, 2041				4,846.15	4,551.25	4,272.65
Oct. 1, 2041				5,000.00	4,696.15	4,409.10
Apr. 1, 2042					4,845.70	4,549.95
Oct. 1, 2042					5,000.00	4,695.25
Apr. 1, 2043						4,845.20
Oct. 1, 2043						5,000.00

Series 2024D Capital Appreciation Bonds

(continued)

	Maturing October 1, 2044	Maturing October 1, 2045	Maturing October 1, 2046	Maturing October 1, 2047	Maturing October 1, 2048
Feb. 6, 2024	$1,359.00	$1,270.60	$1,187.45	$1,109.35	$1,035.25
Apr. 1, 2024	1,372.15	1,282.95	1,199.05	1,120.20	1,045.40
Oct. 1, 2024	1,416.10	1,324.15	1,237.70	1,156.40	1,079.30
Apr. 1, 2025	1,461.50	1,366.70	1,277.60	1,193.80	1,114.35
Oct. 1, 2025	1,508.30	1,410.65	1,318.80	1,232.40	1,150.50
Apr. 1, 2026	1,556.65	1,456.00	1,361.30	1,272.30	1,187.85
Oct. 1, 2026	1,606.55	1,502.80	1,405.20	1,313.45	1,226.40
Apr. 1, 2027	1,658.00	1,551.10	1,450.50	1,355.90	1,266.20
Oct. 1, 2027	1,711.10	1,600.95	1,497.25	1,399.75	1,307.30
Apr. 1, 2028	1,765.95	1,652.40	1,545.55	1,445.00	1,349.75
Oct. 1, 2028	1,822.55	1,705.50	1,595.35	1,491.75	1,393.55
Apr. 1, 2029	1,880.95	1,760.30	1,646.80	1,540.00	1,438.75
Oct. 1, 2029	1,941.20	1,816.90	1,699.90	1,589.80	1,485.45
Apr. 1, 2030	2,003.40	1,875.30	1,754.70	1,641.20	1,533.65
Oct. 1, 2030	2,067.60	1,935.55	1,811.25	1,694.30	1,583.45
Apr. 1, 2031	2,133.80	1,997.75	1,869.65	1,749.10	1,634.85
Oct. 1, 2031	2,202.20	2,062.00	1,929.95	1,805.65	1,687.90
Apr. 1, 2032	2,272.75	2,128.25	1,992.15	1,864.05	1,742.70
Oct. 1, 2032	2,345.55	2,196.65	2,056.40	1,924.35	1,799.25
Apr. 1, 2033	2,420.70	2,267.25	2,122.70	1,986.55	1,857.65
Oct. 1, 2033	2,498.30	2,340.10	2,191.15	2,050.80	1,917.90
Apr. 1, 2034	2,578.35	2,415.35	2,261.75	2,117.15	1,980.15
Oct. 1, 2034	2,660.95	2,492.95	2,334.70	2,185.60	2,044.45
Apr. 1, 2035	2,746.20	2,573.10	2,409.95	2,256.30	2,110.80
Oct. 1, 2035	2,834.20	2,655.80	2,487.65	2,329.25	2,179.30
Apr. 1, 2036	2,925.00	2,741.15	2,567.85	2,404.60	2,250.00
Oct. 1, 2036	3,018.70	2,829.25	2,650.65	2,482.35	2,323.05
Apr. 1, 2037	3,115.45	2,920.20	2,736.10	2,562.65	2,398.45
Oct. 1, 2037	3,215.25	3,014.05	2,824.30	2,645.50	2,476.30
Apr. 1, 2038	3,318.25	3,110.90	2,915.40	2,731.10	2,556.65
Oct. 1, 2038	3,424.60	3,210.90	3,009.35	2,819.40	2,639.65
Apr. 1, 2039	3,534.30	3,314.10	3,106.40	2,910.60	2,725.30
Oct. 1, 2039	3,647.55	3,420.60	3,206.55	3,004.70	2,813.75
Apr. 1, 2040	3,764.40	3,530.55	3,309.90	3,101.90	2,905.05
Oct. 1, 2040	3,885.05	3,644.00	3,416.65	3,202.20	2,999.35
Apr. 1, 2041	4,009.50	3,761.15	3,526.80	3,305.75	3,096.70
Oct. 1, 2041	4,138.00	3,882.05	3,640.50	3,412.65	3,197.20
Apr. 1, 2042	4,270.55	4,006.80	3,757.85	3,523.05	3,300.95
Oct. 1, 2042	4,407.40	4,135.55	3,879.00	3,636.95	3,408.10
Apr. 1, 2043	4,548.60	4,268.50	4,004.10	3,754.60	3,518.70
Oct. 1, 2043	4,694.35	4,405.70	4,133.15	3,876.00	3,632.90
Apr. 1, 2044	4,844.75	4,547.30	4,266.40	4,001.35	3,750.85
Oct. 1, 2044	5,000.00	4,693.45	4,403.95	4,130.75	3,872.55
Apr. 1, 2045		4,844.30	4,545.95	4,264.35	3,998.25
Oct. 1, 2045		5,000.00	4,692.50	4,402.25	4,128.00
Apr. 1, 2046			4,843.80	4,544.65	4,262.00
Oct. 1, 2046			5,000.00	4,691.60	4,400.30
Apr. 1, 2047				4,843.35	4,543.10
Oct. 1, 2047				5,000.00	4,690.55
Apr. 1, 2048					4,842.80
Oct. 1, 2048					5,000.00

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APPENDIX J

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY • Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A, Taxable Senior Lien Revenue Refunding Bonds, Series 2024B, Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C and Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D

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