



## ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

3760 KILROY AIRPORT WAY, SUITE 200, LONG BEACH, CALIFORNIA 90806 – TEL. (562) 247-7777 • FAX (562) 247-7090

March 23, 2016

Ms. Marla Bleavins  
Chief Financial Officer  
Port of Los Angeles  
425 S. Palos Verdes Street  
Los Angeles, CA 90732

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

Re: Notice of Estimated Shortfall Advances and Reserve Account Funding

Dear Marla and Steve:

### Shortfall Advances

Pursuant to Section 7.3 (h)(ii) of the Use and Operating Agreement, ACTA is hereby providing notice of the estimated Shortfall Advance amount for the upcoming fiscal year. Based on current information, a Shortfall Advance of \$4.0 million (\$2.0 million per port) is required during the fiscal year ending June 30, 2017. As you know, each Port is responsible for one-half of the Shortfall Advance and is ordinarily required to include its share of the estimated amount in its annual budget and provide certification to ACTA indicating compliance.

On March 10, 2016, the Governing Board of the Authority approved, among other things, the issuance and sale of the Authority's Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the "Series 2016B Bonds"). If issued, the proceeds from the sale of the Series 2016A Bonds and the Series 2016B Bonds are to be used to, among other things, defease a portion of ACTA's Series 2004A Bonds, the particular maturities, their initial amounts and the date of such defeasance to be determined by the Chief Executive Officer or the Chief Financial Officer of ACTA, to be in the best interests of ACTA. The issuance of the Series 2016 Bonds and the refunding and defeasance of a portion of the Series 2004A Bonds is part of ACTA's plan that has been designed to, among other things, (i) restructure debt to align ACTA's expenses, including debt service, more closely with projected ACTA revenues and (ii) reduce the likelihood the Ports will be required in the future to make significant Shortfall Advances. In the event that the above-described transactions occur in the amount, during the timeframe, and at the interest rates anticipated, the effect of these transactions are designed to reduce or eliminate the need for a Shortfall Advance during the fiscal year ending June 30, 2017. Although this plan may help minimize or reduce future Shortfall Advances, as a result of this plan debt service is expected to increase in some years and the Series 2016 Bonds will mature later than the Series 2004A Bonds expected to be refunded and defeased. The issuance of the Series 2016 Bonds and the refunding and defeasance of a portion of the Series 2004A Bonds are subject to market conditions. If in the opinion of ACTA management, ACTA's financial objectives may not be achieved, some or all of the Series 2016 Bonds may not be offered or sold and a Shortfall Advance will be required during the fiscal year ending June 30, 2017. ACTA is under no obligation to pursue any transaction, any particular structure, or any refunding or restructuring, and reserves the right to change or modify its plans as it deems appropriate.

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Pursuant to Section 7.3(h)(iii) of the Use and Operating Agreement, the actual amount of the Shortfall Advance will be determined at least 45 days prior to the date such payments are due (i.e., five business days prior to October 1, 2016). In the event that the above-described transactions do not occur in the amount, during the timeframe, and at the interest rates anticipated, such that a Shortfall Advance during the fiscal year ending June 30, 2017 is required, ACTA will provide a written request at such time.

If there are any questions please free to contact me at 562-247-7080.

Sincerely,

A handwritten signature in cursive script that reads "J P Preusch".

James P. Preusch  
Chief Financial Officer

cc: John T. Doherty, ACTA CEO  
Gene Seroka, POLA Executive Director  
Jon Slangerup, POLB Executive Director  
David Hughes, Union Pacific  
Jeff Grinnell, Union Pacific  
Marilyn Hardy, BNSF  
Kimberly Cuccaro, BNSF  
bcc: Valerie Smith, O'Melveny & Myers  
Ash Almurdaah, US Bank