



May 2, 2023

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution approving the proceedings by the Finance Authority of Long Beach for the issuance and sale of its Lease Revenue Bonds, Series 2023 to finance the acquisition and refurbishment of an existing building for municipal uses and to finance certain capital improvements of the City of Long Beach (City), in an aggregate not to exceed principal amount of \$90,000,000, and authorize the execution of related documents, and approving related official actions. (Citywide)

DISCUSSION

The Lease Revenue Bonds, Series 2023 (Bonds) will be issued by the Finance Authority of Long Beach (Authority) under the provisions of Article 4 (commencing with section 6584) of the JPA Act (Bond Law). To provide repayment of the Bonds, the City and Authority will enter into a lease-leaseback arrangement on City-owned property. A little more than one-fourth (\$23.6 million) of the proceeds from the Bonds will be used to finance the acquisition of the building at 125 Elm Avenue to provide the City's Police Department a Crime Lab, offices for various City departments for administrative use, and to provide an onsite Senior Center. Bond proceeds will also fund capitalized interest during the construction of building improvements before the building can be occupied. Almost three-fourths (\$60.7 million) of the bond proceeds will be used to fund various projects in the Fiscal Year (FY) 23 Infrastructure Investment Plan from the Measure A Bond program that will be considered by the City Council on May 2, 2023. The costs of issuance will also be funded by the Bonds. The Series 2023 Bonds will be structured for level annual debt service and without a debt service reserve fund, thus lowering the required issuance amount and related interest costs. The Bonds will have a final maturity of 30 years, to match the useful lives of the assets being financed.

The legal security pledge for the Bonds is the City's General Fund. Under current interest rate assumptions (April 12, 2023), the estimated total annual debt service of \$4.8 million will be apportioned \$1.3 million for the 125 Elm acquisition, and \$3.5 million for the Measure A infrastructure projects.

While the General Fund will pay the \$1.3 million estimated annual debt service on the 125 Elm acquisition being financed by this bond issue, the General Fund will be paying for only 72.5 percent of the entire 125 Elm project (acquisition plus building improvements). The Gas Fund Group will pay for the remaining 27.5 percent of the entire 125 Elm project, because the Utilities Department will occupy one floor of the building.

Measure A will pay the \$3.5 million estimated annual debt service for the Measure A infrastructure projects.

Rationale for Bond Issuance

City staff recommend approval of the Series 2023 bond issuance for three policy reasons, one practical and two pertaining to equity.

Practical financial realities

The alternative to debt financing is reserving cash and paying as you go. If a city waits until it accumulates enough cash to pay up front for major capital improvements, it will probably have to wait a long time before those improvements can be undertaken. In the meantime, community infrastructure needs go unmet until sufficient cash is accumulated. A rough analogy is an individual's personal decision to purchase a home. Most residents cannot afford to pay cash for a home, so they take out a mortgage and pay for the home over time, through monthly mortgage payments. Similarly, a city can issue bonds to finance capital improvements right away, paying off the debt over time.

Equity between different generations of taxpayers

Public policy best practices favor issuing debt to pay for long-lived capital assets that are funded by bonds. First, it is unfair for current taxpayers to shoulder the entire cost of a long-lived capital improvement by paying cash up front, when some of today's taxpayers – perhaps even most, depending on the useful life of the asset being purchased – will not benefit from the full life of that asset after they move or even pass away. Second, it is equally unfair for future taxpayers to pay nothing for a capital improvement from which they will benefit after they move to a city. In public finance, roads and streets are the classic example as they last for decades. If today's taxpayers pay cash for new or reconstructed roads and streets, then future taxpayers – many of whom have not yet even moved to Long Beach – will be getting a free ride on pavement paid for, in cash, by earlier generations of taxpayers. The technical term for this important concept is "intergenerational equity," or fairness between generations of taxpayers.

Debt issuance solves the intergenerational equity problem. By spreading out the payment for capital improvements – via annual debt service paid to bondholders – a city ensures that taxpayers from all generations benefiting from capital improvements actually pay for them, thereby avoiding a burden on the current generation of taxpayers who would otherwise be saddled with an all-cash payment for the capital improvements up front. This approach to paying for municipal infrastructure has been a basic tenet of public finance for over a century.

Equity lens

A second important public policy reason in favor of issuing debt to pay for long-lived capital assets is related to the first. It concerns the socioeconomic composition of different generations of Long Beach taxpayers. The City paying cash up front for major capital improvements would result in today's low-income taxpayers subsidizing future high-income taxpayers who have not

yet even moved to Long Beach. To the extent possible, today's taxpayers should benefit from services provided today by the taxes they pay. Today's taxpayers, especially low-income taxpayers, should not be forced to subsidize future taxpayers, especially high-income taxpayers.

All that said, from the perspective of long-term financial management, issuing debt instead of paying cash for capital improvements does constrain future City Councils' spending flexibility. Once a city issues debt, annual principal and interest are a fixed contractual obligation, and must be paid to bondholders, leaving less annual revenue available for discretionary appropriation until the bonds mature. For that reason, the municipal bond rating agencies like Moody's and Fitch frown upon cities that devote more than about 10 percent of their General Fund to debt service. Even after City Council consideration, authorization and eventual sale of the bonds recommended here, the City's annual debt service on bonds backed by the General Fund (including Measure A) will be less than five (5) percent of General Fund expenditures plus transfers out.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on March 27, 2023 and by Budget Operations and Development Officer Rhutu Amin Gharib on April 2, 2023.

TIMING CONSIDERATIONS

The Finance Authority of Long Beach approved this item on March 30, 2023. City Council action is requested on May 2, 2023, to facilitate the timely pricing of the Bonds, estimated for a bond sale in early May 2023.

Another timing consideration deserves emphasis, one that is imposed on the City's Public Works Department. The tax-exempt nature of the 2023 Lease Revenue Bonds requires that the City spend 85 percent of the bond proceeds within 3 years of issuance, and 100 percent within 5 years. If the City fails to spend the bond proceeds timely, then any subsequent Internal Revenue Service (IRS) audit of the bond transaction could, in the worst case, result in a penalty to the City equal to 30 percent of total interest paid to bondholders over the entire life of the bonds. At April 12, 2023 interest rates, total interest paid to bondholders would be \$73.3 million, 30 percent of which is \$22 million – a penalty that would have to be paid to the IRS out of the City's General Fund.

To prevent this enormous financial penalty, the Public Works Department will need to execute expeditiously the capital improvement projects being financed by the bonds. There is a practical limit to how many Public Works projects can be physically completed in any given amount of time, which depends on a combination of City staff availability, contractor availability, the supply chain for construction materials and equipment, etc. Staff have determined that \$60 million of Measure A projects from this first of three planned bond issues is an aggressive, but achievable goal, which will require that the Measure A projects receive first priority for infrastructure project completion in order to meet the demanding timeline. This may result in other, unplanned or "one-off" projects – even those with fully identified funding – being delayed or deferred in favor of meeting the aggressive schedule for the Measure A infrastructure investment.

FISCAL IMPACT

Bond proceeds from the Finance Authority of Long Beach Lease Revenue Bonds Series 2023 are estimated at \$84 million, all of which will be used to finance the acquisition of the building at 125 Elm Avenue to provide the City's Police Department a Crime Lab, offices for various City departments for administrative use and to provide an onsite senior center, and costs of issuance of the bonds. Bond proceeds will fund capitalized interest during the construction of building improvements before the building can be occupied. Bond proceeds will also be used to fund various projects in the FY 23 Infrastructure Investment Plan from the Measure A Bond program that will be considered by the City Council on May 2, 2023.

Under the interest rate assumptions for this financing, the annual debt service on the 2023 Bonds is estimated to be \$4.8 million, structured as level annual debt service payments, with a final bond maturity in 2055. The actual interest rate is subject to market conditions on the day of pricing. (Had these bonds been sold on April 12, the true interest cost would have been 3.9 percent.)

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing Council priorities, including the City's financial and debt policies. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER
DIRECTOR
FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: RESOLUTION
A - INDENTURE OF TRUST
B - SITE AND FACILITY LEASE
C - LEASE AGREEMENT
D - PRELIMINARY OFFICIAL STATEMENT
E - BOND PURCHASE AGREEMENT

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING PROCEEDINGS BY
THE FINANCE AUTHORITY OF LONG BEACH FOR THE
ISSUANCE AND SALE OF ITS FINANCE AUTHORITY OF
LONG BEACH LEASE REVENUE BONDS, SERIES 2023,
TO FINANCE VARIOUS CAPITAL PROJECTS,
APPROVING THE FORM AND AUTHORIZING
EXECUTION OF RELATED DOCUMENTS AND
APPROVING RELATED OFFICIAL ACTIONS

WHEREAS, the City of Long Beach (the "City") proposes to finance (a) the
acquisition and improvement of a building at 125 Elm Avenue in Long Beach to (i)
provide a permanent location for the City's Police Department Crime Lab and
administrative offices for the City's Energy Resources and Parks, Recreation and Marine
departments and other administrative uses, and (ii) provide a new senior center (the "Elm
Avenue Building"), and (b) various infrastructure projects throughout the geographic
boundaries of the City (collectively, the "Project"); and

WHEREAS, it is proposed that the Project will be financed from the
proceeds of Finance Authority of Long Beach Lease Revenue Bonds, Series 2023 (the
"Bonds"), to be issued by the Authority under the provisions of Article 4 (commencing
with section 6584) of the JPA Act (the "Bond Law"), and pursuant to the terms of an
indenture of trust, by and between the Authority and U.S. Bank Trust Company, National
Association, as trustee; and

WHEREAS, in order to provide for the repayment of the Bonds, the City will
lease the Elm Avenue Building and other City-owned property and the sites thereof
(collectively, the "Property") to the Authority pursuant to a site and facility lease (the "Site

1 and Facility Lease”) and the Authority will lease the Property back to the City pursuant to
2 a lease agreement (the “Lease Agreement”) under which the City will agree to make
3 lease payments to the Authority from moneys in the City’s General Fund and the City will
4 budget and appropriate sufficient amounts in each year to pay the lease payments which
5 will be equal to the scheduled principal of and interest on the Bonds; and

6 WHEREAS, the proposed form of a preliminary official statement (the
7 “Preliminary Official Statement”) describing the Bonds, to be used in connection with the
8 marketing of the Bonds, has been prepared and has been presented to the Authority; and

9 WHEREAS, RBC Capital Markets, LLC and Cabrera Capital Markets, LLC
10 (collectively, the “Underwriters”), have proposed to purchase and underwrite the Bonds
11 and has presented to the Authority and the City a form of bond purchase agreement for
12 the Bonds, to be entered into among the Authority, the City and the Underwriters (the
13 “Bond Purchase Agreement”); and

14 WHEREAS, the City Council desires to make a finding of significant public
15 benefit pursuant to section 6586.5(a)(2) of the California Government Code and to
16 approve of the financing and the transactions contemplated by the Bonds; and

17 WHEREAS, the City Council has duly considered such transactions and
18 wishes at this time to approve said transactions in the public interests of the City; and

19 WHEREAS, pursuant to section 5852.1 of the Government Code, which
20 became effective on January 1, 2018, by the enactment of Senate Bill 450, certain
21 information relating to the Bonds is set forth in Exhibit A attached to this Resolution, and
22 such information is hereby disclosed and made public;

23 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
24 follows:

25 Section 1. Recitals True and Correct. The City Council hereby finds and
26 determines that the foregoing recitals are true and correct.

27 Section 2. Findings. The City Council hereby finds that significant public
28 benefits will arise from the financing contemplated by the Bonds and the documents

1 related thereto, in accordance with section 6586 of the California Government Code.

2 Section 3. Approval of Bonds. The City Council hereby approves the
3 issuance of the Bonds by the Authority for the purpose of providing funds to finance the
4 Project, to fund capitalized interest with respect to a portion of the Bonds and to pay the
5 costs of issuance of the Bonds.

6 Section 4. Approval of Site and Facility Lease. The City Council hereby
7 approves the Site and Facility Lease, in the form on file with the City Clerk, together with
8 any changes therein or additions thereto deemed advisable by the City Manager, the
9 Director of Financial Management or the City Treasurer (each, a "Designated Officer"),
10 and the execution of the Site and Facility Lease by a Designated Officer shall be
11 conclusive evidence of such approval. The Designated Officers, each acting alone, are
12 hereby authorized and directed for and in the name and on behalf of the City to execute
13 the final form of the Site and Facility Lease for and in the name of the City. The City
14 Council hereby authorizes the delivery and performance of the Site and Facility Lease.

15 Section 5. Approval of Lease Agreement. The City Council hereby
16 approves the Lease Agreement, in the form on file with the City Clerk, together with any
17 changes therein or additions thereto deemed advisable by any of the Designated
18 Officers, and the execution of the Lease Agreement by a Designated Officer shall be
19 conclusive evidence of the approval of any such changes or additions. The Designated
20 Officers, each acting alone, are hereby authorized and directed for and in the name and
21 on behalf of the City to execute the final form of the Lease Agreement for and in the
22 name of the City. The City Council hereby authorizes the delivery and performance of the
23 Lease Agreement.

24 Section 6. Sale of Bonds. The City Council hereby approves the sale of
25 the Bonds by the Authority by negotiation with the Underwriters pursuant to the Bond
26 Purchase Agreement, in the form on file with the City Clerk, together with such additions
27 thereto and changes therein as any of the Designated Officers shall deem necessary,
28 desirable or appropriate, and the execution of which by a Designated Officer shall be

1 conclusive evidence of the approval of such additions and changes. The Designated
2 Officers, each acting alone, are hereby authorized and directed for and in the name and
3 on behalf of the City to execute the final form of the Bond Purchase Agreement for and in
4 the name of the City; provided that (a) the amount of Underwriters' discount for the Bonds
5 shall be not more than 0.50% of the par amount thereof, (b) the principal amount of the
6 Bonds is not greater than \$90,000,000, (c) the true interest cost of the Bonds does not
7 exceed 6.00% and (d) the term of the Bonds does not extend beyond August 1, 2055.

8 Section 7. Official Statement. The City Council hereby approves, and
9 hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange
10 Act of 1934 (the "Rule"), the Preliminary Official Statement, in the form on file with the
11 City Clerk. The Designated Officers, each acting alone, are hereby authorized and
12 directed to execute an appropriate certificate stating the City's determination that the
13 Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution
14 of the Preliminary Official Statement in connection with the sale of the Bonds is hereby
15 approved. The Designated Officers, each acting alone, are hereby authorized and
16 directed, upon consultation with Disclosure Counsel to the Authority for the Bonds and
17 the City Attorney, to approve any changes in or additions to the Preliminary Official
18 Statement deemed necessary or desirable to bring it into the form of a final official
19 statement (the "Final Official Statement"), and the execution of the Final Official
20 Statement by any Designated Officer shall be conclusive evidence of approval of any
21 such changes and additions. The City Council hereby authorizes the distribution of the
22 Final Official Statement by the Underwriters. The Final Official Statement shall be
23 executed in the name and on behalf of the City by any of the Designated Officers.

24 Section 8. Official Actions. The Mayor, the City Manager, the Director of
25 Financial Management, the City Treasurer, the City Attorney, the City Clerk and all other
26 officers of the City are each authorized and directed in the name and on behalf of the City
27 to make any and all assignments, certificates, requisitions, agreements, notices,
28 consents, instruments of conveyance, warrants and other documents, which they or any

1 of them might deem necessary or appropriate in order to consummate any of the
2 transactions contemplated by the documents approved pursuant to this Resolution.
3 Whenever in this Resolution any officer of the City is authorized to execute or countersign
4 any document or take any action, such execution, countersigning or action may be taken
5 on behalf of such officer by any person designated by such officer to act on his or her
6 behalf in the case such officer shall be absent or unavailable.

7 Section 9. This resolution shall take effect immediately upon its adoption
8 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

9 I hereby certify that the foregoing resolution was adopted by the City
10 Council of the City of Long Beach at its meeting of _____, 2023
11 by the following vote:

12
13 Ayes: Councilmembers: _____

14 _____

15 _____

16 _____

17 Noes: Councilmembers: _____

18 _____

19 Absent: Councilmembers: _____

20 _____

21 Recusal(s): Councilmembers: _____

22 _____

23 _____

24 _____
City Clerk

25

26

27

28

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's Municipal Advisor and underwriter which has been represented to have been provided in good faith:

(A) <u>True Interest Cost of the Bonds:</u>	4.20%
(B) <u>Finance Charges:</u>	\$693,600
(C) <u>Net Proceeds to be Received:</u> (net of finance charges)	\$83,811,200
(D) <u>Total Payment Amount through Maturity:</u>	\$152,637,000

The foregoing estimates constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

INDENTURE OF TRUST

Dated as of May 1, 2023

by and between the

FINANCE AUTHORITY OF LONG BEACH

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

Relating to:
\$ _____
Finance Authority of Long Beach
Lease Revenue Bonds, Series 2023

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01. Definitions	3
Section 1.02. Rules of Construction	11
Section 1.03. Authorization and Purpose of Bonds	11
Section 1.04. Equal Security	11

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds	13
Section 2.02. Terms of the Bonds	13
Section 2.03. Transfer and Exchange of Bonds	14
Section 2.04. Book-Entry System	14
Section 2.05. Registration Books	16
Section 2.06. Form and Execution of Bonds	16
Section 2.07. Temporary Bonds	16
Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen	17
Section 2.09. CUSIP Numbers	17

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.01. Application of Proceeds of Sale of Bonds	18
Section 3.02. Establishment and Application of Costs of Issuance Fund	18
Section 3.03. Project Fund	18
Section 3.04. Validity of Bonds	19

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption	20
Section 4.02. Selection of Bonds for Redemption	20
Section 4.03. Notice of Redemption	21
Section 4.04. Partial Redemption of Bonds	21
Section 4.05. Effect of Redemption	21
Section 4.06. Purchase of Bonds	22

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund	23
Section 5.02. Allocation of Revenues	23
Section 5.03. Application of Interest Account	24
Section 5.04. Application of Principal Account	24
Section 5.05. Application of Redemption Fund	24
Section 5.06. Insurance and Condemnation Fund	25
Section 5.07. Investments	25

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment	27
Section 6.02. Extension of Payment of Bonds	27
Section 6.03. Against Encumbrances	27
Section 6.04. Power to Issue Bonds and Make Pledge and Assignment	27
Section 6.05. Accounting Records	27
Section 6.06. No Additional Obligations	28
Section 6.07. Tax Covenants	28
Section 6.08. Rebate Fund	28
Section 6.09. Collection of Amounts Due Under Lease Agreement	29
Section 6.10. Continuing Disclosure	30

Section 6.11. Waiver of Laws	30
Section 6.12. Further Assurances	30

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default	31
Section 7.02. Remedies Upon Event of Default	31
Section 7.03. Application of Revenues and Other Funds After Default	32
Section 7.04. Trustee to Represent Bond Owners	33
Section 7.05. Bond Owners' Direction of Proceedings	33
Section 7.06. Limitation on Bond Owners' Right to Sue	33
Section 7.07. Absolute Obligation of Authority	34
Section 7.08. Termination of Proceedings	34
Section 7.09. Remedies Not Exclusive	34
Section 7.10. No Waiver of Default	34
Section 7.11. Parties Interested Herein	35

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee	36
Section 8.02. Merger or Consolidation	37
Section 8.03. Liability of Trustee	37
Section 8.04. Right to Rely on Documents	40
Section 8.05. Preservation and Inspection of Documents	40
Section 8.06. Compensation and Indemnification	41

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted	42
Section 9.02. Effect of Supplemental Indenture	43
Section 9.03. Endorsement of Bonds; Preparation of New Bonds	43
Section 9.04. Amendment of Particular Bonds	43

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture	44
Section 10.02. Discharge of Liability on Bonds	44
Section 10.03. Deposit of Money or Securities with Trustee	44
Section 10.04. Unclaimed Funds	45

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Revenues	46
Section 11.02. Limitation of Rights to Parties and Bond Owners	46
Section 11.03. Funds and Accounts	46
Section 11.04. Waiver of Notice; Requirement of Mailed Notice	46
Section 11.05. Destruction of Bonds	47
Section 11.06. Severability of Invalid Provisions	47
Section 11.07. Notices	47
Section 11.08. Evidence of Rights of Bond Owners	47
Section 11.09. Disqualified Bonds	48
Section 11.10. Money Held for Particular Bonds	48
Section 11.11. Waiver of Personal Liability	48
Section 11.12. Successor Is Deemed Included in All References to Predecessor	49
Section 11.13. Execution in Several Counterparts	49
Section 11.14. Governing Law	49

EXHIBIT A	FORM OF BOND
EXHIBIT B	DESCRIPTION OF THE PROJECT

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), dated as of May 1, 2023, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the “Authority”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created, as trustee (the “Trustee”).

R E C I T A L S :

WHEREAS, the Authority is a joint exercise of powers entity duly organized pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the California Government Code (the “Act”), and a joint exercise of powers agreement, dated as of December 8, 2015 (the “Joint Powers Agreement”), by and between the City of Long Beach, California (the “City”), and the Housing Authority of the City of Long Beach (the “Housing Authority”);

WHEREAS, the Authority is authorized by the Joint Powers Agreement to issue bonds, notes or other evidences of indebtedness for purposes permitted by the Act and described in the Joint Powers Agreement;

WHEREAS, pursuant to the provisions of the Act, the City and the Housing Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal;

WHEREAS, the City wishes to (a) finance (i) the acquisition and improvement of a building at 125 Elm Avenue in Long Beach to (A) provide a permanent location for the City’s Police Department Crime Lab and administrative offices for the City’s Energy Resources and Parks, Recreation and Marine departments and other administrative uses, and (B) provide a new senior center (the “Elm Avenue Building”), and (ii) various infrastructure projects throughout the geographic boundaries of the City (collectively, the “Project”); (b) fund capitalized interest with respect to a portion of the Bonds, and (c) pay costs of issuance of the Bonds

WHEREAS, for such purposes, the Authority has determined to issue its Finance Authority of Long Beach Lease Revenue Bonds, Series 2023, in the aggregate principal amount of \$_____ (the “Bonds”);

WHEREAS, the Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act (the “Bond Law”) and this Indenture;

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will lease certain real property and improvements (the “Property”) to the City pursuant to a lease agreement, dated as of May 1, 2023 (the “Lease Agreement”), under which the City will agree to make lease payments to the Authority from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

A G R E E M E N T :

NOW, THEREFORE, in order to secure the payment of the Bonds at any time issued and Outstanding under this Indenture according to their terms, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and delivered, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the Authority does covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture, of any Supplemental Indenture, of the Lease Agreement, of the Bonds and of any certificate, opinion, request or other documents herein mentioned, have the meanings herein specified.

“Acquisition and Construction” means, with respect to any portion of the Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof, including reimbursement relating thereto.

“Act” means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the Government Code of the State.

“Additional Payments” means the payments so designated and required to be paid by the City pursuant to the Lease Agreement.

“Authority” means the Finance Authority of Long Beach, or its successors and assigns, a joint exercise of powers entity created pursuant to the Joint Powers Agreement.

“Authorized Representative” means: (a) with respect to the Authority, any member of the Board, the Executive Director of the Authority, the Treasurer/Auditor of the Authority, or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by a member of the Board, such Executive Director or such Treasurer/Auditor and filed with the City and the Trustee; and (b) with respect to the City, its City Manager, Director of Financial Management, City Treasurer or City Clerk, or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by an Authorized Representative of the City and filed with the Authority and the Trustee.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations of governmental entities.

“Bond Law” means Article 4 (commencing with section 6584) of the Act.

“Bond Year” means each twelve-month period extending from August 2 in one calendar year to August 1 of the succeeding calendar year, both dates inclusive; *provided* that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on August 1, 2023.

“Bonds” means the \$_____ aggregate principal amount of Finance Authority of Long Beach Lease Revenue Bonds, Series 2023, authorized by and at any time Outstanding pursuant to this Indenture.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located and on which the Federal Reserve is open.

“City” means the City of Long Beach, California, a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State.

“Closing Date” means May 9, 2023, being the date of delivery of the Bonds to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, thereunder.

“Completion Date” means, with respect to any component of the Project, the date on which the Authority files a Written Certificate with the City and the Trustee stating that the Acquisition and Construction of such component of the Project has been completed pursuant to Article III.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the City and dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority or the City relating thereto, initial fees and expenses of the Trustee (including but not limited to fees and expenses for its legal counsel), compensation to any municipal advisor or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, out-of-pocket expenses of the Authority or the City, Authority and City staff costs and costs of printing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.02.

“Debt Service” means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all Outstanding Bonds coming due and payable by their terms in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

“Defeasance Obligations” means (a) cash; and (b) obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including: (i) United States treasury obligations; (ii) all direct or fully guaranteed obligations; (iii) certificates of beneficial ownership of the Farmers Home Administration; (iv) participation certificates of the General Services Administration; (v) guaranteed Title XI Financings of the U.S. Maritime Administration; (vi) Government National Mortgage Association obligations; and (vii) State and Local Government Series.

“Event of Default,” with respect to this Indenture, means any of the events specified in Section 7.01 and, with respect to the Lease Agreement, means any of the events specified in Section 9.1 of the Lease Agreement.

“Facility” means, collectively, those existing facilities located on the Site, more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term *“Fair Market Value”* means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (c) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; (b) obligations of any agency or department of the United States of America which represent the full faith and credit of the United States of America or the timely payment of the principal of and interest on which are secured or guaranteed by the full faith and credit of the United States of America; and (c) any obligations issued by the State of California or any political subdivision thereof the payment of and interest and premium (if any) on which are fully secured by Federal Securities described in the preceding clauses (a) or (b), as verified by an independent certified public accountant, and rated by a Nationally Recognized Statistical Rating Organization at its then stated rating for direct general obligations of the United States of America.

“Fiscal Year” means any twelve-month period extending from October 1 in one calendar year to September 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority or the City, as applicable, as its official fiscal year period.

“Housing Authority” means the Housing Authority of the City of Long Beach.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City

but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) and, in accordance with then current guidelines of the Securities and Exchange Commission, such other organizations providing information with respect to the redemption of bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“Insurance and Condemnation Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.06.

“Interest Account” means the account by that name established in the Revenue Fund pursuant to Section 5.02.

“Interest Payment Date” means each February 1 and August 1, commencing February 1, 2024.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement, dated as of December 8, 2015, between the City and the Housing Authority, as originally executed and as it may thereafter be amended or supplemented in accordance with its terms.

“Lease Agreement” means that certain Lease Agreement, dated as of May 1, 2023, by and between the Authority and the City, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

“Lease Payment Date” means, with respect to any Interest Payment Date, commencing with the February 1, 2024, Interest Payment Date, the twenty-fifth (25th) calendar day of the month preceding such Interest Payment Date.

“Lease Payments” means the payments required to be paid by the City pursuant to Section 4.3 of the Lease Agreement, such payments constituting the portion of Revenues applied to the payment of debt service on the Bonds.

“Nationally Recognized Statistical Rating Organization” means a credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits financial firms to use for certain regulatory purposes.

“Net Proceeds” means amounts derived by the City from any policy of casualty insurance with respect to any portion of the Property, or the proceeds of any taking of the Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee located in Los Angeles, California, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the corporate trust operations office or agency of the Trustee.

"Original Purchaser" means, collectively, RBC Capital Markets, LLC and Cabrera Capital Markets, LLC, the original purchasers of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered by the Trustee pursuant to this Indenture.

"Owner," whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (e) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing will not materially impair the use of the Property; and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Authority and the City agree in writing do not reduce the value of the Property.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided the Trustee may rely upon the Request of the City directing investment under this Indenture as a determination that such investment is a Permitted Investment):

(a) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, fully and unconditionally guaranteed as to timely payment;

(b) debentures of the Federal Housing Administration to the extent such obligations are guaranteed by the full faith and credit of the United States of America;

(c) obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; or (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal) or debt obligations of the Federal National Mortgage Association; *provided, however,* that not more than ten percent (10%)

of the proceeds of the Bonds may, in the aggregate, be invested in any such obligations at one time;

(d) commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a Nationally Recognized Statistical Rating Organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (i) or (ii):

(i) The entity meets the following criteria:

- is organized and operating in the United States as a general corporation
- has total assets in excess of five hundred million dollars (\$500,000,000)
- has debt other than commercial paper, if any, that is rated “A” or higher by a Nationally Recognized Statistical Rating Organization

(ii) The entity meets the following criteria:

- is organized within the United States as a special purpose corporation, trust, or limited liability company
- has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond
- has commercial paper that is rated “A-1” or higher, or the equivalent, by two of the Nationally Recognized Statistical Rating Organizations,

and split ratings (i.e. A2/P1) are not allowable, and no more than 10 percent of the outstanding commercial paper of any single corporate issue may be purchased;

(e) shares of beneficial interest issued by diversified management companies which invest only in direct obligations of the US Treasury, debt instruments issued by agencies of the Federal government, and repurchase agreements with a weighted average of 60 days or less, and have the highest rating from two Nationally Recognized Statistical Rating Organizations, and must maintain a daily principal per share value of \$1.00 per share and distribute interest monthly, and have a minimum of \$500 million in assets under management. The purchase price of the shares may not include commission;

(f) bank deposit products, demand deposits, including interest bearing money market accounts, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits or certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, including in the case of any such deposit, fund or account of the Trustee or any of its affiliates, rated in one of the top two highest categories from two Nationally Recognized Statistical Rating Organizations without regard to gradations, or which are fully FDIC-insured;

(g) Investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate note which represents the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution which has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization;

(h) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name;

(i) Repurchase and reverse repurchase agreements collateralized with securities described in subsections (a) and (c) above, at 102% and 104% respectively, including those of the Trustee or any of its affiliates, so long as such repurchase and/or reverse repurchase agreements have a final maturity date of 365 days or less, and must be marked to market weekly with a two (2) day cure period for any deficiencies, and any failure to deliver such collateral or to cure a deficiency shall require the immediate acceleration and termination of the agreement;

(j) longer dated repurchase agreements with financial institutions, or banks insured by the FDIC, or any broker dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC), provided that: (i) the over-collateralization is at 102%, computed weekly, for securities described in subsection (a) and 104% for securities described in subsection (c); (ii) a third party custodian, the Trustee or the Federal Reserve Bank shall have possession of such obligations; (iii) the Trustee shall have perfected a first priority security interest in such obligations; and (iv) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral;

(k) Forward delivery or forward purchase agreements with underlying securities of the types outlined in (a), (b), (c) and (d) above;

(l) Tax-exempt obligations of the City, any local agency in the State or of any other 49 states, rated in either of the two highest rating categories by two of the Nationally Recognized Statistical Rating Organizations;

(m) money market mutual funds including those for which the Trustee or any of its affiliates receives a fee for services provided to the fund, whether as investment advisor, transfer agent, custodian or otherwise; and

(n) the City Treasurer's Investment Pool.

"Plans and Specifications" means, with respect to the Project or any component thereof, the plans and specifications relating thereto filed by the City with the Authority pursuant to Section 3.2 of the Lease Agreement.

"Principal Account" means the account by that name established in the Revenue Fund pursuant to Section 5.02.

"Project Costs" means, with respect to the Project, all costs of the Acquisition and Construction thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the Acquisition and Construction of the Project;

(b) obligations incurred for labor and materials in connection with the Acquisition and Construction of the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Acquisition and Construction of the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper Acquisition and Construction of the Project;

(e) any sums required to reimburse the Authority or the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Acquisition and Construction of the Project; and

(f) all financing costs incurred in connection with the Acquisition and Construction of the Project, including but not limited to Costs of Issuance and other costs incurred in connection with the Lease Agreement and the financing of the Project.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Property" means, collectively, the Site and the Facility.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to Section 5.05.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.05 for the registration and transfer of ownership of the Bonds.

"Regulations" means the regulations of the United States Department of Treasury issued under the Code.

"Revenue Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.01.

"Revenues" means (a) all Lease Payments, prepayments, insurance proceeds, condemnation proceeds, and (b) subject to the provisions of Section 5.07 hereof, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, other than the Costs of Issuance Fund.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"Site" means those certain parcels of real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

"Site and Facility Lease" means the Site and Facility Lease, dated as of May 1, 2023, by and between the City, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Certificate" means the certificate of the Authority dated the Closing Date, with respect to tax matters.

"Term of the Lease Agreement" means the term during which the Lease Agreement is in effect, as provided in Section 4.2 of the Lease Agreement.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

"Project" means the capital projects more particularly described in Exhibit B attached hereto.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Rules of Construction. All references in this Indenture to "Articles," "Sections" and other subdivisions in this Indenture are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder," and other words of similar import in this Indenture refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law and the Authority is now authorized under each and every requirement of law to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to this Indenture for the purposes described herein.

Section 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference,

priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds.

(a) The Authority hereby authorizes the issuance of the Bonds, which shall constitute limited obligations of the Authority, for the purpose of providing funds to finance the Project. The Bonds are hereby designated the "Finance Authority of Long Beach Lease Revenue Bonds, Series 2023." The aggregate principal amount of Bonds initially issued and Outstanding under this Indenture is _____ dollars (\$_____). At any time after the execution of this Indenture, the Authority may execute, and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the Original Purchaser upon payment of the purchase price therefor.

(b) This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall mature on August 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum, as follows:

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(b) Interest on the Bonds shall be payable semiannually on each Interest Payment Date, to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; *provided however*, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five (5) days before the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by wire or check of the Trustee upon presentation and surrender thereof at the Office of the Trustee, except as provided in Section 2.04. Principal of and interest

and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before July 15, 2023, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute, and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered, or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Any Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond shall not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered, or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

Section 2.04. Book-Entry System. Notwithstanding any provision of this Indenture to the contrary:

(a) The Bonds shall be initially issued and registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one certificate for each of the maturity dates set forth in Section 2.02 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) (“substitute depository”); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the Authority, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Authority that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Authority that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the Authority and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee, together with a written request of an Authorized Representative of the Authority to the Trustee, a single new Bond shall be issued, authenticated and delivered for each maturity of such Bond then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of an Authorized Representative of the Authority. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee together with a written request of an Authorized Representative of the Authority, new Bonds shall be issued, authenticated and delivered in such denominations and registered in the names of such persons as are requested in a written request of the Authority provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a written request of an Authorized Representative of the Authority.

(c) In the case of partial redemption or an advance refunding of any Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the Authority's expense, deliver the Bonds to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Bond.

(e) So long as all outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Authority and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and redemption premium, if any, and interest due on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Bonds' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of blanket issuer letter of representations (prepared by The Depository Trust Company) executed by the Authority and received and accepted by The Depository Trust Company.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall at all reasonable times upon reasonable prior notice be open to inspection during regular business hours by the Authority and the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in Section 2.03.

Section 2.06. Form and Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the facsimile signature of its Chairperson or Treasurer / Auditor, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibits A and B, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and an indemnity for the Authority and the Trustee satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner of such lost, destroyed or stolen Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity for the Authority and the Trustee satisfactory to the Trustee). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09. CUSIP Numbers. The Trustee, the Authority and the City shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, the Authority nor the City shall be liable for any inaccuracies in such numbers.

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.01. Application of Proceeds of Sale of Bonds.

(a) Upon the receipt of payment for the Bonds on the Closing Date of \$_____, being the principal amount of the Bonds of \$_____.00, plus an original issue premium of \$_____, less an underwriters' discount of \$_____, the Trustee shall apply the proceeds of sale thereof as follows:

(i) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund;

(ii) The Trustee shall deposit the amount of \$_____ in the Interest Account representing capitalized interest with respect to the Elm Avenue Building portion of the Project through _____; and

(iii) The Trustee shall deposit the amount of \$_____ in the Project Fund.

(b) The Trustee may, in its sole discretion, establish such funds or accounts in its records to facilitate the foregoing deposits.

Section 3.02. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Costs of Issuance Fund." There shall be deposited in the Costs of Issuance Fund the amounts indicated in Section 3.01(a)(i) of this Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the City stating the person to whom payment is to be made, the amount to be paid, payment instructions, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(c) On August 9, 2023, or upon the earlier Written Request of the City, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Project Fund and the Costs of Issuance Fund shall be closed.

Section 3.03. Project Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Project Fund." There shall be deposited in the Project Fund the amount indicated in Section 3.01(a)(iii) of this Indenture.

(b) Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of the Project Costs. The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the Authority or the City for payment of Project Costs) upon receipt by the Trustee of a Written Requisition of the City which: (A) states with respect to each disbursement to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment will be made, (iii) the amount to

be disbursed, (iv) that each obligation mentioned therein is a proper charge against the Project Fund and has not previously been disbursed by the Trustee from amounts in the Project Fund, (v) that all conditions precedent set forth in the Lease Agreement with respect to such disbursement have been satisfied, and (vi) that the amount of such disbursement is for a Project Cost; (B) specifies in reasonable detail the nature of the obligation; and (C) is accompanied by a bill or statement of account (if any) for each obligation. The Trustee may conclusively rely on the information contained in any Written Requisition and shall have no responsibility with respect to the application of any funds disbursed in accordance with such Written Requisition.

(c) Upon the filing with the Trustee of a Written Certificate of the Authority stating that the Project has been completed or that all Written Requisitions intended to be filed by the Authority and the City have been filed, the Trustee shall withdraw any remaining amounts then on deposit in the Project Fund and transfer such amounts to the Revenue Fund and applied to the payment of interest on the Bonds and the Project Fund shall be closed.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Lease Agreement. The recital contained in the Bonds that the same are issued pursuant to the laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) *Optional Redemption.* The Bonds maturing on or after August 1, ____, shall be subject to redemption, at the option of the City on any date on or after August 1, ____, as a whole or in part, by such maturities as shall be determined by the City, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(b) *Mandatory Sinking Fund Redemption.* The Bonds maturing on August 1, ____, are also subject to mandatory redemption from sinking account payments made by the Authority, in part by lot, on August 1, ____ and on August 1 in each year thereafter to and including August 1, ____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (August 1)	Principal Amount
_____	_____

† Maturity.

The Bonds maturing on August 1, ____, are also subject to mandatory redemption from sinking account payments made by the Authority, in part by lot, on August 1, ____ and on August 1 in each year thereafter to and including August 1, ____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (August 1)	Principal Amount
_____	_____

† Maturity.

(c) *Special Mandatory Redemption from Insurance or Condemnation Proceeds.* The Bonds shall also be subject to redemption as a whole or in part on any date, pro rata, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the City to be used for such purpose as provided in Section 5.05, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this

Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond. If less than all the Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the City shall specify to the Trustee a principal amount in each maturity to be redeemed which, to the extent practicable, results in approximately equal annual debt service on the Bonds Outstanding following such redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Notice of any redemption of Bonds (other than redemptions pursuant to Section 4.01(b)) shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Bonds to be redeemed is on deposit in the applicable fund or account.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled and destroyed by the Trustee upon surrender thereof.

Section 4.06. Purchase of Bonds. In lieu of redemption of Bonds as provided in this Article IV, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least sixty (60) days prior to the next scheduled Interest Payment Date of the written request of an Authorized Representative of the Authority, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the Authority may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed. The aggregate principal amount of Bonds of the same maturity purchased in lieu of redemption pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption. Any Bonds so purchased shall be surrendered to the Trustee for cancellation.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture (other than the Costs of Issuance Fund) are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act.

(b) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the rights of the Authority in the Lease Agreement (except for rights to receive Additional Payments, rights to give approvals and consents thereunder, the right to enforce venue, and certain rights to indemnification and expenses set forth therein), and in the Site and Facility Lease (except for rights to give approvals and consents thereunder and certain rights to indemnification set forth therein). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and may, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority, all of the obligations of the City under the Lease Agreement.

The assignment of the Lease Agreement and the Site and Facility Lease to the Trustee is solely in its capacity as Trustee under this Indenture and the duties, powers and liabilities of the Trustee in acting thereunder shall be subject to the provisions of this Indenture, including, without limitation, the provisions of Article VIII hereof. The Trustee shall not be responsible for any representations, warranties, covenants or obligations of the Authority under the Lease Agreement or the Site and Facility Lease.

(c) The Trustee agrees to provide written notice to the City at least five Business Days prior to each Lease Payment Date of the amount, if any, on deposit in the Revenue Fund which shall serve as a credit against, and shall relieve the City of making, the Lease Payments due from the City on such Lease Payment Date. Subject to Sections 5.07 and 5.08, all Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such Funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 5.02. Allocation of Revenues. Not later than the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the

following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) The Trustee shall deposit in the Principal Account an amount, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due at maturity and payable on such Interest Payment Date.

(c) If the then applicable Interest Payment Date is February 1, all remaining moneys shall be held by the Trustee in the Revenue Fund and applied for the next succeeding August 1 Interest Payment Date deposits. If the then applicable Interest Payment Date is August 1, all remaining moneys shall be transferred to the City for deposit to the General Fund of the City free and clear of any pledge or lien imposed under this Indenture.

Section 5.03. Application of Interest Account.

(a) All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) The portion of Bond proceeds deposited in the Interest Account shall be applied to the Lease Payments due by the City pursuant to Exhibit C-1 of the Lease Agreement on the following dates and in the following amounts:

<u>Lease Payment Date</u>	<u>Amount</u>
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Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Section 5.05. Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of Bonds to be redeemed pursuant to Sections 4.01(a) and 4.01(b); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, in accordance with Section 4.06.

Section 5.06. Insurance and Condemnation Fund.

(a) *Establishment of Fund.* Upon the receipt of any proceeds of insurance or eminent domain with respect to any portion of the Property, the Trustee shall establish and maintain an Insurance and Condemnation Fund, to be held and applied as hereinafter set forth in this Section 5.06.

(b) *Application of Insurance Proceeds.* Any Net Proceeds of insurance against accident to or destruction of the Property collected by the City in the event of any such accident or destruction shall be paid to the Trustee by the City pursuant to Section 6.1 of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund. If the City fails to determine and notify the Trustee in writing of its determination, within forty-five (45) days following the date of such deposit, to replace, repair, restore, modify or improve the Property, then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds pursuant to Section 4.01(b). All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, upon receipt of Written Requisitions of the City, as agent for the Authority, which: (i) states with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal; and (ii) specifies in reasonable detail the nature of the obligation. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any balance of the proceeds remaining after such work has been completed as certified by the City to the Trustee shall be remitted by the Trustee to the City.

(c) *Application of Eminent Domain Proceeds.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.1 of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(i) If the City has not given written notice to the Trustee, within forty-five (45) days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Property or such portion thereof, the Trustee shall transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds pursuant to Section 4.01(b).

(ii) If the City has given written notice to the Trustee, within forty-five (45) days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Property or such portion thereof, the Trustee shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such replacement, upon the filing of Written Requisitions of the City as agent for the Authority in the form and containing the provisions set forth in subsection (b) of this Section 5.06. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 5.07. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted

Investments. Such investments shall be directed by the City pursuant to a Written Request of the City filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which Written Request shall certify that the investments constitute Permitted Investments) or such shorter time as the Trustee may accept in its sole discretion. In the absence of any such directions from the City, the Trustee shall hold such amounts uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. The City shall take the liquidity needs of the moneys held hereunder into account in making investments.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder and held by the Trustee shall be deposited or retained in the Revenue Fund. To the extent that any investment agreement requires the payment of fees, such fees shall be paid from available moneys in the Revenue Fund after the deposit of moneys described in Section 5.02 (a) through (c) above. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee or its affiliates may act as sponsor, advisor or depository with respect to any Permitted Investment. To the extent that any Permitted Investment purchased by the Trustee are registrable securities such Permitted Investment shall be registered in the name of the Trustee on behalf of the Owners. The Trustee shall incur no liability for losses arising from any investments made pursuant to the City's investment direction.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur at no additional cost, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

Such investments shall be valued by the Trustee not less often than quarterly at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

The Trustee may utilize securities pricing services that may be available to it making such valuations, including those within its accounting system (including brokers and dealers in securities) with respect to the Bonds, and conclusively rely thereon.

ARTICLE VI
PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes. Nothing in this section shall in any way limit the City's ability to encumber its assets in accordance with the Lease Agreement.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under this Indenture in the manner and to the extent provided in this Indenture. The Authority has duly authorized the execution and delivery of the Bonds and this Indenture under the terms and provisions of the Act and a resolution adopted by the Board and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Authority of the Bonds and this Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and this Indenture the valid, legal and binding limited obligations of the Authority.

Section 6.05. Accounting Records. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City, during business hours and under reasonable circumstances upon reasonable prior notice.

Section 6.06. No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Section 6.07. Tax Covenants. The Authority covenants to and for the benefit of the Owners that, notwithstanding any other provisions of this Indenture (other than Section 11.01 hereof), it will:

(a) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Bonds to be arbitrage bonds under section 103(b) and section 148 of the Code and the Regulations issued under section 148 of the Code or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(b) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income of the Owners of the Bonds for federal income tax purposes;

(c) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to the Code; and

(d) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 6.07, the Authority shall execute, deliver and comply with the provisions of the Tax Certificate. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture (this covenant shall extend throughout the term of the Bonds, to all funds and accounts created under this Indenture held by the Trustee and all moneys on deposit to the credit of any fund or account held by the Trustee).

Section 6.08. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Authority. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. Neither the Authority nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 6.08, by Section 6.07 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Authority including supplying all necessary information reasonably requested by the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate

calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Authority with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Authority.

(b) Upon the Authority's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Authority or the City, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Authority in accordance with the Tax Certificate. The Trustee shall supply to the Authority all necessary information requested by the Authority to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 6.08, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Authority or the City.

(d) At the written direction of the Authority, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Authority's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Authority so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Authority's written directions; *provided, however*, only moneys in excess of the Rebate Requirement may, at the written direction of the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund (i) after each five-year remission to the United States, and (ii) after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, shall be withdrawn by the Trustee and remitted to the City.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 6.08, Section 6.07 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Section 6.09. Collection of Amounts Due Under Lease Agreement. The Trustee shall promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of Article VIII, the Trustee may enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority, for the enforcement of all of the obligations of the City under the Lease Agreement.

The Authority shall not amend, modify or terminate any of the terms of the Lease Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent only if (a) in the opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Owners, or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.10. Continuing Disclosure. Pursuant to Section 5.11 of the Lease Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and neither the Authority nor the Trustee shall have any liability to the Owners of the Bonds or any other person with respect to the Continuing Disclosure Certificate. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of Section 5.11 of the Lease Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall at the request of the Owners or Beneficial Owners (as defined in the Continuing Disclosure Certificate) of at least 25% aggregate principal amount of Outstanding Bonds, to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under Section 5.11 of the Lease Agreement or to cause the Trustee to comply with its obligations under this Section 6.10. For purposes of this Section 6.10, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 6.11. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.12. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise.

(b) Default in the due and punctual payment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee; *provided, however*, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period, such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time which period shall be no longer than 120 days after the original written notice of default.

(d) The occurrence and continuation of an Event of Default under and as such term is defined in the Lease Agreement.

Section 7.02. Remedies Upon Event of Default. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, and payment of its fees and expenses, including the fees and expenses of its counsel, shall in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners under, and require the Authority or the City to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Lease Agreement and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Lease Agreement or this Indenture, as the case may be;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of Bonds; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds hereunder.

Upon the occurrence of an Event of Default, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Revenues, *ex parte*, and without notice, and the Authority consents to the appointment of such receiver upon the occurrence of an Event of Default. In the case of any receivership, insolvency, bankruptcy, or other judicial proceedings affecting the Authority or the City, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have the claims of the Trustee and the Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Bond Owner to file a claim on his or her own behalf; provided, the Trustee shall be entitled to compensation and reimbursement for the reasonable fees and expenses of its counsel and indemnity for its reasonable expenses and liability from the Authority, the City or the Bond Owners, as appropriate.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bond Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bond Owner in any such proceeding without the approval of the Bond Owners so affected.

Notwithstanding anything contained herein or in the Lease Agreement to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Laws, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The term "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto. The term "Hazardous Substances" shall mean any chemical, substance or material classified or designated as hazardous, toxic or radioactive, or other similar term, and now or hereafter regulated under any Environmental Laws, including without limitation, asbestos, petroleum and hydrocarbon products. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Section 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as shall be deemed most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would expose it to liability.

Section 7.06. Limitation on Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Lease Agreement or any other applicable law with respect to such Bonds,

unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Lease Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Authority. Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. If any proceedings taken by the Trustee or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bond Owners, then the Authority, the Trustee and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Authority, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the City, the Authority, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Authority may remove the Trustee at any time and the Authority shall remove the Trustee if at any time requested to do so by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 8.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and the City and thereupon shall appoint a successor Trustee by an instrument in writing. Any such removal shall be made upon at least thirty (30) days' prior written notice to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within sixty (60) days of giving notice of removal or notice of resignation as aforesaid, the Authority shall (or the Trustee may) petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority, to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be

reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall promptly mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, shall be authorized under such laws to exercise corporate trust powers, shall have (or, in the case of a corporation or national banking association included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), shall be subject to supervision or examination by federal or state agency, and shall be acceptable to the City in its discretion. If such corporation or national banking association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining agency above referred to then for the purpose of this subsection (e), the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

Section 8.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 8.01 shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall not be taken as statements of the Trustee, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Lease Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until it shall have actual knowledge thereof, or a corporate trust officer shall have received written notice thereof, at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the City of any of the terms, conditions, covenants or agreements herein, under the Lease Agreement or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the City and the Authority of the terms, conditions, covenants or agreements set forth in the Lease Agreement, other than the covenants of the City to make Lease Payments to the Trustee when due, such reports and certifications as the City are required to file with the Trustee thereunder.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it is not assured to its satisfaction that the repayment of such funds or indemnity satisfactory to it against such risk or liability is reasonably assured to it.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(i) Whether or not therein expressly so provided, every provision of this Indenture and the Lease Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of Section 8.01(a), this Section 8.03 and Section 8.04 hereof.

(j) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any proceeds of the Bonds or moneys which shall be released or withdrawn in accordance with the provisions hereof.

(k) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or the City of the Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease Agreement or this Indenture for the existence, furnishing or use of the Property.

(l) Except to the extent that information was provided by the Trustee, the Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The indemnities extended to the Trustee also extend to its directors, officers, employees and agents. The rights, protections and indemnities of the Trustee herein shall also apply to the Trustee when acting under the Lease Agreement or the Site and Facility Lease.

(n) The Trustee may become the owner or pledgee of any Bonds with the same rights it would have if it were not Trustee.

(o) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Property, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.); provided, however, that the City and/or the Authority, as applicable, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City and/or the Authority, as applicable, whenever a person is to be added or deleted from the listing. If the City and/or the Authority, as applicable, elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City and the Authority understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent

by such Authorized Officer. The City and the Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City, the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City and/or the Authority, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The City and the Authority agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City and/or the Authority, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(q) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, facsimile, e-mail, resolution, request, requisition, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate, Written Request or Written Requisition of the Authority or the City, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained by the Trustee and shall be subject at all reasonable times to the inspection of the Authority, the City and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions upon reasonable prior notice.

Section 8.06. Compensation and Indemnification. The Authority shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all reasonable expenses and disbursements (including fees and expenses of counsel), incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify, defend and hold harmless the Trustee against any loss, liability, suit, cost, claim, judgment, damages or expense (including legal fees and expenses) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this Indenture, under the Site and Facility Lease, the Lease Agreement, or any other document or transaction contemplated in connection herewith or therewith including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. As security for the performance of the obligations of the Authority under this Section 8.06 to the Trustee, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of or interest on particular Bonds. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income of the Owners under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income of the Owners for purposes of federal income taxes of interest on the Bonds.

(e) Written notice of any amendment or modification made pursuant to this Section 9.01 shall be given by the Authority to any rating agency then rating the Bonds prior to the effective date of such amendment or modification.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same series and maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by him.

ARTICLE X
DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, Defeasance Obligations in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Bonds.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture (except its obligations under Section 8.06 hereof) with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal, interest and premium (if any) with respect to such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above).

Section 10.04. Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture and without liability for interest thereon, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the City as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Revenues. None of the Authority, any Authority members, any Board members or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of Revenues. Neither the Authority, its members, the State, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Authority shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the City under the Lease Agreement.

Section 11.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the City, the Authority and the Owners of the Bonds.

Section 11.03. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder. The Trustee shall deliver a monthly accounting to the Authority of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that has had no activity since the last reporting date and that has a balance of zero.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, cancel and destroy such Bonds as may be allowed by law, and at the written request of the Authority the Trustee shall deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by phone, (b) after deposit in the United States mail, postage prepaid, upon receipt, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

To the Authority:	Finance Authority of Long Beach c/o City of Long Beach Department of Financial Management 411 West Ocean Boulevard, 6 th Floor Long Beach, CA 90802 Attention: City Treasurer Fax: (562) 570-5836
If to the City:	City of Long Beach Department of Financial Management 411 West Ocean Boulevard, 6 th Floor Long Beach, CA 90802 Attention: City Treasurer Fax: (562) 570-5836
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street Los Angeles, CA 90071 Attention: Global Corporate Trust Fax: (213) 615-6051

The City, the Authority and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners

may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section 11.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination (unless 100% of the Bonds are so owned). Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Upon request, the Authority or the City shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09. The Trustee may conclusively rely on such representation of the Authority and the City.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest or premium (if any) on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve

any such Board member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the City, the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. Governing Law. This Indenture and the Bonds are contracts made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State.

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IN WITNESS WHEREOF, the FINANCE AUTHORITY OF LONG BEACH has caused this Indenture to be signed in its name by its duly Authorized Representative and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

FINANCE AUTHORITY OF LONG BEACH

By _____
Kevin Riper
Executive Director

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

FINANCE AUTHORITY OF LONG BEACH
Lease Revenue Bonds, Series 2023

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	August 1, ____	May 9, 2023	54241Q ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The FINANCE AUTHORITY OF LONG BEACH, a duly constituted joint exercise of powers agency under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before July 15, 2023, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate specified above, payable semiannually on February 1 and August 1 in each year, commencing February 1, 2024, (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Office") of U.S. Bank Trust Company, National Association, as trustee (the "Trustee") or such other place as designated by the Trustee. Interest hereon is payable by check on the Interest Payment Date of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee at least five days prior to such Record Date by a Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds (hereinafter defined), by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is not a debt of the City of Long Beach, California (the "City"), Los Angeles County, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined).

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Finance Authority of Long Beach Lease Revenue Bonds, Series 2023 (the "Bonds"), in an aggregate principal amount of _____ dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law"), and pursuant to an Indenture of Trust, dated as of May 1, 2023, by and between the Authority and the Trustee (the "Indenture"), and a resolution of the Authority adopted on _____, 2023, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued to (a) finance (i) the acquisition and improvement of a building at 125 Elm Avenue in Long Beach to (A) provide a permanent location for the City's Police Department Crime Lab and administrative offices for the City's Energy Resources and Parks, Recreation and Marine departments and other administrative uses, and (B) provide a new senior center (the "Elm Avenue Building"), and (ii) various infrastructure projects throughout the geographic boundaries of the City (collectively, the "Project"); (b) fund capitalized interest with respect to a portion of the Bonds, and (c) pay costs of issuance of the Bonds.

This Bond and the interest and premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are limited obligations of the Authority, and are payable from, and are secured by a charge and lien on the Revenues as defined in the Indenture, consisting primarily of payments by the City under the Lease Agreement. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on August 1, ____, are also subject to mandatory redemption from sinking account payments made by the Authority, in part by lot, on August 1, ____ and on August 1 in each year thereafter to and including August 1, ____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>
---	-----------------------------------

† Maturity.

The Bonds maturing on August 1, ____, are also subject to mandatory redemption from sinking account payments made by the Authority, in part by lot, on August 1, ____ and on August 1 in each year thereafter to and including August 1, ____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>
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† Maturity.

The Bonds maturing on or after August 1, ____, shall be subject to redemption, at the option of the City on any date on or after August 1, ____, as a whole or in part, by such maturities as shall be determined by the City, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are subject to redemption as a whole, or in part on a *pro rata* basis among maturities, on any date, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the leased property damaged or destroyed and elected by the City, to be used for such purpose, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the other laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any other laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Finance Authority of Long Beach has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director as of the Original Issue Date specified above.

FINANCE AUTHORITY OF LONG BEACH

By _____
Executive Director

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Notice: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

DESCRIPTION OF THE PROJECT

Building Acquisition and Refurbishment

A portion of the proceeds of the Bonds will be applied to reimburse the City for the purchase price of the Elm Avenue Building, which is located at 125 Elm Avenue, Long Beach, California 90802, and to finance the cost of certain tenant improvements at the Elm Avenue Building.

The Elm Avenue Building, which was acquired by the City in December 2022, at a purchase price of \$21,000,000, is a 286,334 square foot five-story office building with rooftop deck parking (504 stalls) and approximately 91,411 square feet of usable office space. It is located in the City's downtown East Village Arts District, approximately three blocks from the City's waterfront and one block from the terminus of the Metro Blue Line subway. The Municipal Building occupies an entire city block between Elm Avenue and Long Beach Boulevard and 1st Street and 2nd Street.

The City is currently undertaking tenant improvements at the Municipal Building which are expected to be completed by November 1, 2024, at a total estimated cost of approximately \$23,315,000. Upon the completion of the tenant improvements, the City intends to house the following municipal functions in the building: (i) the City Police Department's crime laboratory; (ii) a senior center; and (iii) offices for the City's natural gas utility (the Energy Resources Department).

Infrastructure Improvements

A portion of the proceeds of the Bonds will be applied to finance approximately \$____ in various capital infrastructure improvement projects, including: (i) pedestrian, bikeway and traffic safety enhancements and resurfacing and other improvements to City streets and medians; (ii) improvements, refurbishments and upgrades to infrastructure and landscaping at municipal park facilities; (iii) improvements, refurbishments and upgrades to municipal library and fire department facilities; and (iv) other miscellaneous capital improvements.

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

Dated as of May 1, 2023

by and between the

CITY OF LONG BEACH, CALIFORNIA, as Lessor

and the

FINANCE AUTHORITY OF LONG BEACH, as Lessee

Relating to:
\$ _____
Finance Authority of Long Beach
Lease Revenue Bonds, Series 2023

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE, dated as of May 1, 2023, is by and between the CITY OF LONG BEACH, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessee (the "Authority"):

RECITAL:

WHEREAS, the Authority intends to assist the City by leasing certain real property and improvements to the City pursuant to a Lease Agreement, dated as of May 1, 2023, by and between the City and the Authority, and recorded concurrently herewith by memorandum thereof (the "Lease Agreement"), and the City proposes to enter into this Site and Facility Lease with the Authority as a material consideration for the Authority's agreement to lease such real property and improvements to the City.

AGREEMENT:

NOW, THEREFORE, it is hereby mutually agreed as follows:

Section 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Site and Facility Lease shall have the respective meanings specified in that certain Indenture of Trust, dated as of May 1, 2023, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee, in connection with the issuance by the Authority of its Finance Authority of Long Beach \$_____ Lease Revenue Bonds, Series 2023 (the "Bonds").

Section 2. Site and Facility Lease. The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility").

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of Los Angeles County, State of California, and shall end on August 1, 2055, unless the Term of the Lease Agreement is extended as hereinafter provided. If, on August 1, 2055, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment or if the Lease Payments or Additional Payments, if any, payable under the Lease Agreement shall have been abated at any time and for any reason, then the term of this Site and Facility Lease shall be extended without the need to execute any amendment to this Section 3 until such Lease Payments shall be fully paid or provision made for such payment, but in no event shall the term of this Site and Facility Lease extend beyond August 1, 2063. If, prior to August 1, 2055, all Lease Payments shall be fully paid, or provision made for such payment in accordance with Section 4.3 or 4.4 of the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Rental. The City acknowledges receipt from the Authority as and for rental hereunder the sum of one dollar (\$1.00), on or before the date of delivery of this Site and Facility Lease.

Section 5. Purpose. The Authority shall use the Site and the Facility solely for the purpose of leasing the Site and the Facility to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Authority and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. City's Interest in the Site and the Facility. The City covenants that it is the owner of fee title to the Site and the Facility.

Section 7. Assignments; Subleases; Amendments. Unless the City shall be in default under the Lease Agreement, the Authority may not assign its rights under this Site and Facility Lease or sublet the Site or the Facility, except as provided in the Lease Agreement and the Indenture, without the written consent of the City. This Site and Facility Lease may be amended, if required, pursuant to the provisions of Section 8.3 of the Lease Agreement.

Section 8. Right of Entry. The City reserves the right, for any of its duly authorized representatives, to enter upon the Site and the Facility at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Site and the Facility in the same good order and condition as the same was in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site and the Facility at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 10. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof; *provided, however*, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Authority to the Trustee under the Indenture shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy the Site and the Facility subject to the provisions of the Lease Agreement and the Indenture.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the City hereby releases each and every member, Board member, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No member, Board member, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

Section 13. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Site and the Facility (including both land and improvements).

Section 14. Eminent Domain. In the event the whole or any part of the Site or the Facility is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Bonds including the unpaid principal and interest with respect to any such Bonds then outstanding and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City.

Section 15. Use of the Proceeds. The City and the Authority hereby agree that the lease to the Authority of the City's right, title and interest in the Site and the Facility pursuant to Section 2 serves the public purposes of the City. The City hereby agrees that the proceeds of the Bonds shall be used solely for the purpose of financing (a) the acquisition and improvement of a building at 125 Elm Avenue in Long Beach to (i) provide a permanent location for the City's Police Department Crime Lab and administrative offices for the City's Energy Resources and Parks, Recreation and Marine departments and other administrative uses, and (ii) provide a new senior center, and (b) various infrastructure projects throughout the geographic boundaries of the City, subject to the provisions of the Indenture.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the City, to the City Treasurer, c/o City of Long Beach, Department of Financial Management, 411 West Ocean Boulevard, 6th Floor, Long Beach, CA 90802, and if to the Authority, to the City Treasurer, c/o the City of Long Beach, Department of Financial Management, 411 West Ocean Boulevard, 6th Floor, Long Beach, CA 90802, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 19. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State.

Section 20. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same instrument.

[Remainder of page is intentionally left blank]

IN WITNESS WHEREOF, the City and the Authority have caused this Site and Facility Lease to be executed by their respective authorized representatives thereunto duly authorized, all as of the day and year first above written.

CITY OF LONG BEACH

By _____
Kevin Riper
Director of Financial Management

FINANCE AUTHORITY OF LONG BEACH

By: _____
Kevin Riper
Executive Director

EXHIBIT A

DESCRIPTION OF THE SITE

Real property in the City of Long Beach, County of Los Angeles, State of California, described as follows:

Emergency Communications Operations Center Site

TRACT ONE:

THAT PORTION OF RANCHO LOS CERRITOS IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2, PAGES 202 THROUGH 205 OF PATENTS IN THE OFFICE OF SAID COUNTY RECORDER, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHWESTERLY CORNER OF PARCEL 9 OF PARCEL MAP NO. 16960, IN SAID CITY, AS PER MAP RECORDED IN BOOK 208, PAGES 92 THROUGH 100, INCLUSIVE, OF PARCEL MAPS, RECORDS OF SAID COUNTY; THENCE FOLLOWING THE BOUNDARY LINE OF PARCELS 9 AND 10 OF SAID PARCEL MAP BY THE FOLLOWING SIX COURSES: NORTH 9°45'28" EAST 232.12 FEET; THENCE SOUTH 89° 53'01" EAST 233.60 FEET; THENCE NORTH 53°04'54" EAST 181.74 FEET; THENCE NORTH 0°16'54" EAST 305.50 FEET; THENCE SOUTH 89°58'42" WEST 58.81 FEET; THENCE NORTH 0°08'48" EAST 426.88 FEET TO AN INTERSECTION WITH THE SOUTHERLY LINE OF SPRING STREET, 100 FEET WIDE, AS SHOWN ON RECORD OF SURVEY MAP FILED IN BOOK 85, PAGE 19 OF RECORDS OF SURVEY OF SAID COUNTY, SAID INTERSECTION BEING ON A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 950.00 FEET AND THROUGH WHICH A RADIAL LINE TO SAID CURVE BEARS SOUTH 6°22'25" WEST; THENCE WESTERLY 103.88 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 6°15'54"; THENCE WESTERLY ALONG SAID SLY LINE NORTH 89°52'59" WEST 620.52 FEET TO A POINT DISTANT EASTERLY THEREON 20.00 FEET FROM THE INTERSECTION OF SAID SOUTHERLY LINE OF SPRING STREET WITH THE EASTERLY LINE OF REDONDO AVENUE, 90 FEET WIDE, AS SHOWN ON TRACT NO. 27805, AS PER MAP RECORDED IN BOOK 712 PAGES 95 THROUGH 97, INCLUSIVE, OF MAPS, RECORDS OF SAID COUNTY; THENCE SOUTH 45°06'46" WEST IN A DIRECT LINE, 28.28 FEET TO A POINT IN THE EASTERLY LINE OF SAID REDONDO AVENUE, DISTANT SOUTHERLY THEREON 20.00 FEET FROM SAID INTERSECTION; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 0°06'32" WEST 958.27 FEET TO A POINT DISTANT NORTHERLY THEREON 7.94 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE OF REDONDO AVENUE WITH THE NORTHERLY LINE OF KILROY AIRPORT WAY, VARIES IN WIDTH, AS SHOWN ON SAID PARCEL MAP NO. 16960; THENCE SOUTH 44°53'28" EAST IN A DIRECT LINE 11.24 FEET TO A POINT IN THE NORTHERLY LINE OF SAID KILROY AIRPORT WAY, DISTANT EASTERLY 7.94 FEET FROM LAST MENTIONED INTERSECTION; THENCE FOLLOWING THE NORTHERLY LINE OF SAID KILROY AIRPORT WAY BY THE FOLLOWING FIVE COURSES; SOUTH 89°53'28" EAST 62.06 FEET TO A TANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 296.00 FEET; THENCE SOUTHEASTERLY 129.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25°00'00"; THENCE SOUTH 64°53'28" EAST 57.87 FEET TO A TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 354.00 FEET; THENCE SOUTHEASTERLY 82.99 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°25'54"; THENCE SOUTH 78°19'22" EAST 59.24 FEET TO THE POINT OF BEGINNING.

APN: 7149-003-931

Temple/Willow Site

PARCEL 1: (7212-022-901)

THAT PORTION OF RANCHO LOS CERRITOS, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGE 292 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED AS FOLLOWS:

ON THE SOUTH BY THAT PARCEL OF LAND DESCRIBED AS PARCEL 10-19 (PART A) IN THE DEED TO THE COUNTY OF LOS ANGELES RECORDED SEPTEMBER 23, 1970, AS INSTRUMENT NO. 3169; ON THE WEST AND SOUTHWEST BY THAT PARCEL OF LAND DESCRIBED AS PARCEL 10-19 (PART B) IN SAID DEED TO THE COUNTY OF LOS ANGELES; ON THE NORTH BY THE SOUTHERLY LINE OF TRACT NO. 26269, AS PER MAP RECORDED IN BOOK 705 PAGES 86 THROUGH 88 OF MAPS, IN SAID RECORDER'S OFFICE; AND ON THE EAST BY THE SOUTHEASTERLY LINE OF SAID RANCHO LOS CERRITOS.

PARCEL 2: (7212-022-903)

THAT PORTION OF LOT 1 OF TRACT NO. 10548, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 174, PAGES 15 TO 23 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF SAID LOT 1 OF TRACT NO. 10548, AND THE NORTHERLY LINE OF WILLOW STREET (60 FEET WIDE), AS SHOWN ON SAID MAP OF TRACT NO. 10548; THENCE EASTERLY ALONG THE NORTHERLY LINE OF WILLOW STREET, A DISTANCE OF 132.38 FEET; THENCE NORTHERLY, AT RIGHT ANGLES TO SAID NORTHERLY LINE OF WILLOW STREET, A DISTANCE OF 98.80 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 1; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE SOUTHERLY 25 FEET THEREOF.

ALSO EXCEPT ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS SUITABLE TO THE GRANTOR, ITS SUCCESSORS AND ASSIGNS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF THE LANDS CONVEYED, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF THE LANDS CONVEYED, OR ANY PART THEREOF, ABOVE 500 FEET BELOW THE SURFACE OF THE GROUND, AS RESERVED BY BIXBY LAND COMPANY, A CALIFORNIA CORPORATION, IN DEED RECORDED JANUARY 17, 1963 AS INSTRUMENT NO. 1526 IN BOOK D-1888 PAGE 944, OFFICIAL RECORDS.

City Place Parking Facility Site

(7280-005-921)

LOT 18 OF TRACT NO. 53306, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1261, PAGES 31-34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL AND GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LAND OR OTHER LANDS, BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OF PURPOSES WHATSOEVER, AS RESERVED TO VARIOUS GRANTORS IN DEEDS BY WHICH THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ACQUIRED TITLE, SAID DEEDS BEING RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN THAT PORTION OF BLOCK 79 OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN, UNDER OR UPON SAID LAND AS CONVEYED TO CAROLYN BRAGG BELFOUR IN DEED RECORDED NOVEMBER 20, 1963 AS INSTRUMENT NO. 5054, OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN THAT PORTION OF BLOCK 79 OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AN UNDIVIDED ONE-HALF OF ALL OF THE OIL, PETROLEUM, GAS AND ALL OTHER MINERALS AND MINERAL SUBSTANCES OF EVERY KIND AND CHARACTER IN AND UNDER AND THAT MAYBE PRODUCED FROM SAID LAND AS CONVEYED TO JOHN B. STEWART AND CHARMAINE D. STEWART, HUSBAND AND WIFE, AS JOINT TENANTS IN DEED RECORDED DECEMBER 20, 1963 AS INSTRUMENT NO. 5280, OF OFFICIAL RECORDS.

ALSO EXCEPT FROM THOSE PORTIONS OF SAID LAND LYING WITHIN LOT 12 IN BLOCK 80 OF SAID TOWNSITE OF LONG BEACH, AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL OIL AND MINERAL RIGHTS BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY DUANE W. LUNDE, AN UNMARRIED MAN, IN DEED RECORDED DECEMBER 6, 1971, IN BOOK D-5280 PAGE 449, OFFICIAL RECORDS, ALSO EXCEPTING THEREFROM AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL OIL AND MINERAL RIGHTS BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY JOHN J. GOTTES AND ELIZABETH L. GOTTES, HUSBAND AND WIFE, IN DEED RECORDED DECEMBER 8, 1971 AS INSTRUMENT NO. 46 IN BOOK D-5280 PAGE 450, OFFICIAL RECORDS.

ALSO EXCEPT ALL REMAINING OIL GAS AND MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXPLORE FOR AND EXTRACT SUCH SUBSTANCES, PROVIDED THAT THE SURFACE OPENING OF WELL, HOLE, SHAFT OR OTHER MEANS OF EXPLORING FOR, REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN SAID LAND AND SHALL NOT PENETRATE ANY PART OF OR PORTION WITHIN 500 FEET OF THE SURFACE THEREOF, AS QUIT CLAIMED BY THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, BY DEED RECORDED DECEMBER 4, 1980 AS INSTRUMENT NO. 80-1217485 OF OFFICIAL RECORDS.

Mark Twain Library Site

LOTS 10, 20, 21, 22, 23, 24, 25 AND 26 IN BLOCK "A" OF THE WALNUT AND ANAHEIM PARK TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 12, PAGE 146 OF MAPS, TOGETHER WITH THAT PORTION OF THE ALLEY VACATED BY THE CITY OF LONG BEACH PER RESOLUTION NO. 05-0111 RECORDED NOVEMBER 23, 2005 AS INSTRUMENT NO. 2005-2853096 OF OFFICIAL RECORDS, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY, CALIFORNIA.

APN: 7268-041-910

Michelle Obama Library Site

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 OF BLOCK 16 OF TRACT NO. 6521, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 69, PAGES 31 AND 32 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7124-032-900, 7124-032-901, 7124-032-902, 7124-032-903, 7124-032-904, 7124-032-905, 7124-032-909, 7124-032-910, 7124-032-911, 7124-032-912, 7124-032-913, 7124-032-914; 930, 7124-032-915, 7124-032-906, 7124-032-917, 7124-032-907, 7124-032-918, 7124-032-908

APN: 7124-032-900, 7124-032-901, 7124-032-902, 7124-032-903, 7124-032-904, 7124-032-905, 7124-032-909, 7124-032-910, 7124-032-911, 7124-032-912, 7124-032-913, 7124-032-914, 7124-032-915, 7124-032-917, AND 7124-032-918

EXHIBIT B

DESCRIPTION OF THE FACILITY

Emergency Communications Operations Center (2950 Redondo). The Emergency Operations Center (the "EOC") is managed by the Disaster Preparedness Division. The EOC serves as the hub for the City's emergency response efforts. It is a two-story building constructed in 2003. The EOC provides the physical location for highly trained staff across multiple city departments, as well as county, state and federal representatives, to strengthen the City's ability to respond to a disaster. The EOC contains state-of-the-art technology to coordinate requests for resources, information sharing, and crisis communications. The EOC provides a unified and coordinated response to a disaster at its 42,000 square foot facility with replacement value of \$14,212,491, which does not include the value of the land.

Temple/Willow Facility (3111 E. Willow Street). The Temple/Willow Facility is where the City's Fleet Services Bureau and Environmental Services Bureaus are located. The land size of the property is approximately 942,167 square feet. Fleet Maintenance Operations and Acquisition occupies 165,411 square feet. Maintenance and repair services for the City's more than 1,800 vehicles and equipment is provided through the fleet services garage, tire shop, smog and vehicle storage. Fleet Operations including an liquefied natural gas fueling facility, car/truck wash facility, administration offices and fleet parking. Fleet Acquisition stores newly acquired vehicles reading them for service. Towing and Lien Sales occupies 270,373 square feet and provides towing, towed vehicle and evidence storage, police parking, propane tank fueling area, customer parking and lien sale auction vehicles areas and Towing and Lien Sales offices. Environmental Services Bureau (ESB) occupies 177,822 square feet for office space, parking for refuse trucks, sweepers, and equipment storage and parking for employees and customers. An additional 328,561 square feet provides common areas, an outdoor lunchroom, drive lanes and fire lanes. The City insures the Temple/Willow Facility at a replacement value of \$27,516,022 which does not include the value of the land.

City Place Parking Facility (50 East 3rd Street). The Facility consists of a public parking facility at 50 East 3rd Street in the City's Downtown area built in 2000. It is a two-story parking structure with a total of 598 parking stalls. It is one of three adjacent parking structures that is patrolled 24/7. The garage has video cameras onsite, a fire manual pull station along with fire hoses and fire extinguishers at every level. Rooftop parking is not included in calculating square footage of the structure per standard appraiser guidelines. The City insures this parking garage of 142,398 square-feet at a replacement value of \$9,579,642, which does not include the value of the land.

Mark Twain Library (1324 Gundry Avenue). The Mark Twain Neighborhood Library is a 16,000 square-foot library building constructed in August 2007. This library branch was the first building in the City to receive the Silver Medal LEED Award from the U.S. Green Building Council. It offers community meeting rooms, public computers, family learning center and Khmer book collection. Its replacement insured value is \$10,985,826, which does not include the value of the land.

Michelle Obama Library (5870 Atlantic). The Michelle Obama Neighborhood Library is a 24,655 square-foot facility constructed in 2001, initially known as the North Branch Library and re-opened after modernizations in September 2016. The library is a single-story building with three public community meeting spaces. It has areas to serve children, teens, and adults. The library offers resources and programs for people with disabilities, including assistive and adaptive technologies. Library amenities include public computers, free Wi-Fi, study rooms, Learning Lab Studio, and Family Learning Center. The library has a sustainable design that focuses on two key areas: water and energy use. It has a cutting-edge watering system coupled with drought tolerant native plants. Design measures such as use of natural light, efficient HVAC, and building envelope techniques exceed the LEED Silver building standard. Its replacement insured value is \$13,426,357, which does not include the value of the land.

LEASE AGREEMENT

Dated as of May 1, 2023

by and between the

FINANCE AUTHORITY OF LONG BEACH, as Lessor

and the

CITY OF LONG BEACH, CALIFORNIA, as Lessee

Relating to:
\$ _____
Finance Authority of Long Beach
Lease Revenue Bonds, Series 2023

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS AND EXHIBITS	
Section 1.1. Definitions	2
Section 1.2. Exhibits	2
ARTICLE II	
REPRESENTATIONS, COVENANTS AND WARRANTIES	
Section 2.1. Representations, Covenants and Warranties of Authority	3
Section 2.2. Representations, Covenants and Warranties of the City	3
ARTICLE III	
ISSUANCE OF BONDS; ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 3.1. The Bonds	6
Section 3.2. Plans and Specifications for the Project	6
Section 3.3. Acquisition and Construction of the Project	6
Section 3.4. Grant of Easements	6
Section 3.5. Appointment of City as Agent of Authority	7
ARTICLE IV	
LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT; LEASE PAYMENTS	
Section 4.1. Lease of Property	8
Section 4.2. Term of Lease	8
Section 4.3. Lease Payments	8
Section 4.4. Prepayment Option	Error! Bookmark not defined.
Section 4.5. Quiet Enjoyment 10	
Section 4.6. Title	10
Section 4.7. Additional Payments	10
ARTICLE V	
MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS	
Section 5.1. Maintenance, Utilities, Taxes and Assessments	12
Section 5.2. Modification of Property	12
Section 5.3. Public Liability and Property Damage Insurance	13
Section 5.4. Fire and Extended Coverage Insurance	13
Section 5.5. Rental Interruption Insurance	13
Section 5.6. Recordation Hereof; Title Insurance	14
Section 5.7. Net Proceeds of Insurance; Form of Policies	14
Section 5.8. Installation of Personal Property	14
Section 5.9. Liens	15
Section 5.10. Tax Covenants	15
Section 5.11. Continuing Disclosure	15
Section 5.12. Payment of Costs of Issuance and Direction of Investments	16
ARTICLE VI	
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF LEASE PAYMENTS	
Section 6.1. Application of Net Proceeds	17
Section 6.2. Abatement of Lease Payments	17
ARTICLE VII	
DISCLAIMER OF WARRANTIES; ACCESS	
Section 7.1. Disclaimer of Warranties	19
Section 7.2. Rights of Access	19
Section 7.3. Non-Liability of the Authority	19
Section 7.4. Expenses	20

Section 7.5. Indemnification	20
Section 7.6. Waiver of Personal Liability	21

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority	22
Section 8.2. Assignment and Subleasing by the City	22
Section 8.3. Amendment of Lease	22

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined	27
Section 9.2. Remedies on Default	27
Section 9.3. Limitation on Remedies	28
Section 9.4. No Remedy Exclusive	28
Section 9.5. Agreement to Pay Attorneys' Fees and Expenses	29
Section 9.6. No Additional Waiver Implied by One Waiver	29
Section 9.7. Trustee and Bond Owners to Exercise Rights	29

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices	30
Section 10.2. Binding Effect	30
Section 10.3. Severability	30
Section 10.4. Net-net-net Lease	30
Section 10.5. Further Assurances and Corrective Instruments	31
Section 10.6. Execution in Counterparts	31
Section 10.7. Governing Law	31
Section 10.8. Authorized Representatives	31
Section 10.9. Waiver of Personal Liability	31
Section 10.10. Limitation of Rights to Parties and Bond Owners	31
Section 10.11. Captions	31

EXHIBIT A:	DESCRIPTION OF THE SITE
EXHIBIT B:	DESCRIPTION OF THE FACILITY
EXHIBIT C-1:	SCHEDULE OF ELM AVENUE BUILDING PORTION OF LEASE PAYMENTS
EXHIBIT C-2:	SCHEDULE OF INFRASTRUCTURE PORTION OF LEASE PAYMENTS
EXHIBIT C-3:	SCHEDULE OF TOTAL LEASE PAYMENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of May 1, 2023, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessor (the "Authority"), and the CITY OF LONG BEACH, CALIFORNIA, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as lessee (the "City").

R E C I T A L S :

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of May 1, 2023 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, with the Site, the "Property"), all for the purpose of enabling the City to finance (a) the acquisition and improvement of a building at 125 Elm Avenue in Long Beach to (i) provide a permanent location for the City's Police Department Crime Lab and administrative offices for the City's Energy Resources and Parks, Recreation and Marine departments and other administrative uses, and (ii) provide a new senior center (the "Elm Avenue Building"), and (b) various infrastructure projects throughout the geographic boundaries of the City (collectively, the "Project");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds (hereinafter defined) as it becomes due, the Authority proposes to lease the Property to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of May 1, 2023, by and between the Authority and the Trustee (the "Indenture"), and pursuant to which the Authority will issue and the Trustee will authenticate and deliver its Finance Authority of Long Beach Lease Revenue Bonds, Series 2023, in the aggregate principal amount of \$_____ (the "Bonds");

WHEREAS, the Bond proceeds will also be used to fund capitalized interest with respect to a portion of the Bonds and to pay the costs of issuance of the Bonds; and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Lease Agreement.

A G R E E M E N T :

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Lease Agreement have the respective meanings given them in Section 1.01 of the Indenture.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

- EXHIBIT A: DESCRIPTION OF THE SITE
- EXHIBIT B: DESCRIPTION OF THE FACILITY
- EXHIBIT C-1: SCHEDULE OF ELM AVENUE BUILDING PORTION OF LEASE PAYMENTS
- EXHIBIT C-2: SCHEDULE OF INFRASTRUCTURE PORTION OF LEASE PAYMENTS
- EXHIBIT C-3: SCHEDULE OF TOTAL LEASE PAYMENTS

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Organization/Authority*. The Authority is a joint exercise of powers entity duly organized and existing under the laws of the State and is duly authorized to issue the Bonds and to perform its obligations under the Site and Facility Lease and this Lease Agreement.

(b) *Enforceability*. All requirements have been met and procedures have occurred in order to authorize the execution and delivery by the Authority of the Site and Facility Lease, this Lease Agreement and the Indenture. The Authority has taken all necessary action and has complied with all provisions of the law required to make the Site and Facility Lease, this Lease Agreement and the Indenture valid and binding limited obligations of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) *Limited Obligation of the Authority*. The Bonds have been duly authorized, executed and delivered by the Authority. Nothing in the Site and Facility Lease, this Lease Agreement or the Indenture shall be construed as requiring the Authority to provide any financing for any purpose other than the financing of the Project.

(d) *No Litigation*. To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority that (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Bonds, the application of the proceeds of the Bonds, or the execution and delivery of the Site and Facility Lease, this Lease Agreement or the Indenture, (ii) affects or questions the validity or enforceability of the Bonds or the Site and Facility Lease, this Lease Agreement and the Indenture, or (iii) questions the tax-exempt status of interest on the Bonds.

Section 2.2. Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Lease Agreement:

(a) *Organization/Authority*. The City is a municipal corporation and chartered city duly organized and in good standing under the laws of the State and has full legal right, power and authority to enter into the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby and by proper action has duly authorized the execution, delivery and performance by the City of the Site and Facility Lease and this Lease Agreement.

(b) *Execution/Delivery*. The Site and Facility Lease and this Lease Agreement have been duly authorized, executed and delivered by the City.

(c) *Enforceability.* The Site and Facility Lease and this Lease Agreement constitute the legal, valid and binding agreements of the City enforceable against the City by the Trustee in accordance with their respective terms for the benefit of the Owners, and any rights of the Authority and obligations of the City not so assigned to the Trustee constitute the legal, valid, and binding agreements of the City enforceable against the City by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease and this Lease Agreement, the consummation of the transactions on the part of the City herein and therein contemplated and the fulfillment of or compliance by the City with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City (other than as contemplated hereby and by the Site and Facility Lease), which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease and this Lease Agreement, or the financial condition, assets, properties or operations of the City.

(e) *No Other Consents.* No consent or approval of any trustee or holder of any indebtedness of the City or any guarantor of indebtedness of or other provider of credit or liquidity to the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery by the City of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction of the City herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the City, after reasonable investigation, threatened, against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease and this Lease Agreement, or upon the financial condition, assets, properties or operations of the City.

(g) *Disclosures Accurate.* No official statement or other offering document in connection with the issuance of the Bonds, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) *Financial Condition.* All financial statements and information heretofore delivered to the Original Purchaser by City, including without limitation, information relating to the financial condition of City, fairly and accurately present the financial position thereof and have been prepared (except where specifically noted therein) in accordance with generally accepted accounting principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the City or the other subjects of such statements.

(i) *Title to Property.* The City has good and marketable title to the Property free and clear from all encumbrances other than Permitted Encumbrances.

(j) *No Defaults.* The City is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (i) under the Site and Facility Lease and this Lease Agreement, or (ii) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default could reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement or the Indenture, or the financial condition, assets, properties or operations of the City.

ARTICLE III

ISSUANCE OF BONDS; ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 3.1. The Bonds.

(a) The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars (\$_____). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture.

(b) The City hereby approves the Indenture, the assignment to the Trustee of the rights (but none of the obligations) of the Authority assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Authority thereunder.

Section 3.2. Plans and Specifications for the Project. Before any payment is made for the Project or any component thereof from amounts on deposit in the Project Fund, the City shall have filed with the Authority detailed Plans and Specifications relating thereto. The City may from time to time file amendments to such Plans and Specifications with the Authority and may thereby change or modify the description of the Project or any component thereof.

Section 3.3. Acquisition and Construction of the Project. The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the Acquisition and Construction of the Project in accordance with Plans and Specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the Project Costs shall be made from amounts on deposit in the Project Fund, pursuant to Section 3.03 of the Indenture. All contracts for, and all work relating to, the Acquisition and Construction of the Project shall be subject to all applicable provisions of law relating to the acquisition and construction of public works by the City. The Authority expects that the Acquisition and Construction of the Project will be completed on or before May 1, 2025; *provided, however*, that the failure to complete the Project by the estimated Completion Date thereof shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Lease Payments allocable to the Project. The City's obligation to make Lease Payments with respect to the Elm Avenue Building portion of the Project shall be capitalized until such portion of the Project is completed.

The City shall have the right from time to time in its sole discretion to amend the description of the Project to be financed and leased by the Authority hereunder.

Upon the completion of the Acquisition and Construction of the Project, the amounts, if any, on deposit in the Project Fund shall be transferred by the City to the Trustee for deposit in the Revenue Fund and the City shall close the Project Fund.

Section 3.4. Grant of Easements. The City hereby grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the City, as may be necessary or convenient to

enable the Authority to acquire, construct and install the Project thereon or thereabouts. The City covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.5. Appointment of City as Agent of Authority. The Authority hereby appoints the City as its agent to carry out all phases of the Acquisition and Construction of the Project pursuant to and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the Acquisition and Construction of the Project. The Authority, or the City as agent of the Authority hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the Acquisition and Construction of the Project. All contracts for, and all work relating to, the Acquisition and Construction of the Project shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like project and property by joint powers authorities and by municipal corporations.

ARTICLE IV

LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT; LEASE PAYMENTS

Section 4.1. Lease of Property. The Authority hereby leases the Property to the City, and the City hereby leases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

Section 4.2. Term of Lease. This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of August 1, 2055, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on August 1, 2055, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond August 1, 2065.

Section 4.3. Lease Payments.

(a) *Obligation to Pay*. In consideration of the lease of the Property from the Authority hereunder and subject to the provisions of Section 6.2, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Property during each Fiscal Year, the Lease Payments (denominated into components of principal and interest) for the Property in the respective amounts specified in Exhibit C-3 hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C-3 hereto. For administrative purposes only, the Lease Payments have been segregated into two separate schedules, Exhibit C-1 to allocate a portion of the Lease Payments to the Elm Avenue Building portion of the Project and C-2 to allocate a portion of the Lease Payments to the infrastructure portion of the Project. Any amount held in the Revenue Fund, the Interest Account or the Principal Account on any Lease Payment Date, derived from any source of funds of the City or the Authority, shall be credited towards the Lease Payment then due and payable. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Property for such Fiscal Year. The Lease Payments allocable to the Elm Avenue Building portion of the Project shown in Exhibit C-1 will be paid from capitalized interest funded from Bond proceeds.

The City's obligation to pay Lease Payments hereunder shall be absolute and unconditional subject only to abatement, in the event and to the extent that there is substantial interference with the use and occupancy of the property or any portion thereof, as provided in Section 6.2.

(b) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest borne by any Outstanding Bond. Such interest, if received, shall be deposited in the Revenue Fund.

(c) *Fair Rental Value*. The Lease Payments and Additional Payments coming due and payable in each Fiscal Year shall constitute the total rental for the Property for each Fiscal

Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Property during each Fiscal Year. The Authority and the City hereby agree and determine that the total Lease Payments do not exceed the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the value of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(d) *Source of Payments; Budget and Appropriation.* The Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Section 6.2. The City covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City. During the Term of the Lease Agreement, the City shall furnish to the Authority and the Trustee, no later than ten days following the adoption of a budget for the current Fiscal Year, a certificate stating that the Lease Payments due in that Fiscal Year have been included in the budget approved by the City Council for such Fiscal Year.

(e) *Assignment.* The City understands and agrees that all Lease Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) *Security Deposit.* Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments for the Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, including but not limited to amounts on deposit in the Revenue Fund, is either (i) sufficient to pay such Lease Payments, including the principal and interest components thereof, and premium, if any, in accordance with the Lease Payment schedule set forth in Exhibit C, or (ii) invested in whole or in part in Defeasance Obligations in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement.

Section 4.4. Prepayment Option. The Authority hereby grants an option to the City to prepay the principal component of the Lease Payments in full, or in part, without premium.

Said option may be exercised with respect to Lease Payments due on and after July 15, 2034, in whole or in part on any date commencing July 15, 2033. Said option shall be exercised by the City by giving written notice to the Authority and the Trustee of the exercise of such option at least thirty (30) days prior to said Lease Payment Date. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Insurance and Condemnation

Fund and the Revenue Fund, will be sufficient to pay the aggregate unpaid Lease Payments on said Lease Payment Date as set forth in Exhibit C hereto, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash equal to the amount desired to be prepaid (the principal component of which shall be an amount divisible by \$5,000) together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such manner and shall be applied to redeem Bonds as the City shall determine and if the City shall fail to make such determination, pro rata. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Property, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Property as provided in Section 7.2.

Section 4.6. Title. If the City pays all of the Lease Payments and Additional Payments during the Term of the Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f), and if the City has paid in full all of the Additional Payments coming due and payable as of such date, and provided in any event that no Event of Default shall have occurred and be continuing, all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due the following Additional Payments:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the City shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the City's expense, to protest and contest any such taxes or assessments levied upon them and that the City shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Site and Facility Lease, this Lease Agreement or the Indenture; and

(d) The reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Site and Facility Lease, this Lease Agreement or the Indenture or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Site and Facility Lease, this Lease Agreement or the Indenture or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the City, its properties, assets or operations or otherwise in connection with the administration of the Site and Facility Lease, this Lease Agreement or the Indenture.

(e) Any amounts due and payable by the City as arbitrage rebate under section 148 of the Code with respect to the Bonds, pursuant to City's covenants and agreements with respect thereto in Section 6.08 of the Indenture and Section 5.10(c) hereof.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the City within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the City for any amounts due with respect to arbitrage rebate under Section 6.08 of the Indenture, the calculation and payment for which is the responsibility of the City.

ARTICLE V
MAINTENANCE, TAXES, INSURANCE AND OTHER
MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, phone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or lessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the reasonable opinion of the Authority, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.2. Modification of Property. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Authority a Written Certificate of the City stating that the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify or cause to be

notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Authority, the City, and their respective Board members, Council members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$250,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which they are paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of all of the insured improvements, or (b) the aggregate principal amount of the outstanding Bonds. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided however, that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.1(a).

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City and may be maintained in

whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance except for a time element deductible not to exceed sixty (60) days in duration. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Revenue Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Recordation Hereof; Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site and Facility Lease and this Lease Agreement, or a memorandum hereof or thereof, in each case in form and substance approved by Bond Counsel, to be recorded in the office of the Los Angeles County Recorder, and (b) obtain a CLTA policy of title insurance which insures the City's leasehold estate in the Property in an amount equal to the aggregate initial principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be deposited in the Insurance and Condemnation Fund.

Section 5.7. Net Proceeds of Insurance; Form of Policies. Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. All required insurance policies shall be provided by a commercial insurer in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization (without regard to designations of plus (+) or minus (-)). The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, no later than February 1 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of the City risk manager, insurance consultant or actuary identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The results of such review shall be filed with the Trustee.

Section 5.8. Installation of Personal Property. The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee shall have any interest and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or subject to a vendor's lien or

security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.9. Liens. Neither the City nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Property, other than the respective rights of the Trustee, the Authority and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Tax Covenants.

(a) *Private Activity Bond Limitation*. The City shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) *No Arbitrage*. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption*. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.11. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that the Participating Underwriter or any Owner or Beneficial Owner (as defined in the Continuing Disclosure Certificate) of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.11, including seeking mandate or specific performance by court order.

Section 5.12. Payment of Costs of Issuance and Direction of Investments. The City hereby agrees that, pursuant to Section 3.02 of the Indenture, it will direct the payment of Costs of Issuance and that, pursuant to Section 5.07 of the Indenture, it will direct the Investment of funds held by the Trustee, and acknowledges the matters set forth in Section 5.07 of the Indenture.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF LEASE PAYMENTS

Section 6.1. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Property by fire or other casualty shall be paid by the City to the Trustee and shall be deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 5.06 of the Indenture.

(b) *From Eminent Domain Award.* If the Property or any portion thereof shall be taken permanently or temporarily under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Net Proceeds resulting therefrom shall be deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.06 of the Indenture.

(c) *From Title Insurance Award.* The Net Proceeds of any title insurance award shall be paid to the Trustee, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.06 of the Indenture.

Section 6.2. Abatement of Lease Payments.

(a) *Abatement Due to Damage or Destruction of the Property.* The Lease Payments shall be abated during any period in which by reason of damage to or destruction of the Property (other than by eminent domain which is hereinafter provided for) there is substantial interference with the use and occupancy by the City of the Property or any portion thereof. The amount of such abatement shall be an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed and available for use and possession by the City. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Property is available for use and possession by the City. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage or destruction. There shall be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Revenue Fund to pay the amount which would otherwise be abated.

(b) *Abatement Due to Eminent Domain.* If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect to the Property as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (i) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Lease

Payments for the Property represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE AUTHORITY AND ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE INDENTURE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE PROPERTY.

Section 7.2. Rights of Access. The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations hereunder; provided, however, that the Authority's assigns shall not be required to cause such proper maintenance.

Section 7.3. Non-Liability of the Authority. The Authority shall not be obligated to pay the principal of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Lease Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member of the Authority is pledged to the payment of the principal or interest on the Bonds. Neither the Authority nor its members, Board members, officers, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Lease Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the City under this Lease Agreement.

The City hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be payments made by the City to the Trustee pursuant to this Lease Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the City shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the City, the Authority or any third party, subject to any right of reimbursement from the Authority or any such third party, as the case may be, therefor but solely, in the case of the Authority, from the Revenues.

Section 7.4. Expenses. The City shall pay and indemnify the Authority and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence or willful misconduct) and arising out of or in connection with the Site and Facility Lease, this Lease Agreement, the Indenture and the Bonds. These obligations and those in Section 7.5 shall remain valid and in effect notwithstanding payment of the Lease Payments or the Bonds or termination of this Lease Agreement or the Indenture.

Section 7.5. Indemnification.

(a) To the fullest extent permitted by law, the City agrees to indemnify, hold harmless and defend the Authority, the Trustee, and each of their respective past, present and future officers, members, Board members, officials, officers, directors, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Site and Facility Lease, this Lease Agreement or the Tax Certificate relating to the Bonds, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the City or any of its agents, contractors, servants, employees, tenants) or licensees in connection with the Property, the operation of the Property, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Property or any part thereof;

(iii) any lien or charge upon payments by the City to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Property;

(iv) any violation of any environmental laws or regulations with respect to, or the release of any hazardous substances from, the Property or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made

therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable; or

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the City, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the City shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the City if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section 7.5 shall survive the termination of this Lease Agreement.

Section 7.6. Waiver of Personal Liability. No member, Board member, officer, agent or employee of the Authority or any officer, agent or employee of the City shall be individually or personally liable for the payment of any principal of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease Agreement, but nothing herein contained shall relieve any such member, Board member, officer, agent or employee from the performance of any official duty provided by law or by this Lease Agreement.

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. Certain rights of the Authority under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Lease Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof, subject to, and upon delivery to the Authority and the Trustee of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease (which the Trustee has no duty or obligation to review or examine and in no event shall be responsible for the contents of such sublease);

(c) No such sublease by the City shall cause the Property to be used for a purpose other than as may be authorized under any applicable provisions of the laws of the State; and

(d) The City shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not, in itself, cause the interest on the Bonds to become included in gross income of the Owners of the Bonds for federal income tax purposes.

Section 8.3. Amendment of Lease.

(a) *Substitution of Site*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") for the Site (the "Former Site"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Site serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Substitute Site (or the portions to be substituted) is of equal or greater value than the Site (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Site shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(vii) The City shall certify that the Substitute Site is of the same or greater essentiality to the City as was the Former Site;

(viii) The City shall certify that the Substitute Site has a useful life equal to or longer than the remaining term of the Bonds; and

(ix) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

(b) *Substitution of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute a substitute facility or substitute facilities (a "Substitute Facility") for the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility, if applicable;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Facility serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Substitute Facility (or the portions to be

to substitute) is of equal or greater value than the property (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall certify that the Substitute Facility is of the same or greater essentiality to the City as was the Former Facility;

(vii) The City shall certify that the Substitute Facility has a useful life equal to or longer than the remaining term of the Bonds; and

(viii) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

(c) *Release of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Site, as revised by such release, including the value of the Facility (other than any portion thereof, or the Site or any portion thereof to be released), has a value at least equal to the principal amount of the Bonds then outstanding;

(iv) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release; and

(v) The City shall provide notice of such release to any rating agency then rating the Bonds.

(d) *Release of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which describes the Facility, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Facility, as revised by such release, together with the Site (that remains subject to this Lease Agreement), has a total value at least equal to the principal amount of the Bonds then outstanding; and

(iv) The City shall provide notice of such release to any rating agency then rating the Bonds.

Notwithstanding any other provision hereof, on or after the Completion Date, the City shall have the absolute right to substitute the Elm Avenue Building portion of the Project, as described in Exhibit C to the Indenture, and its related site (the "Elm Avenue Project"), for all or a portion of the Site and all or a portion of the Facility subject to this Lease Agreement and the Site and Facility Lease, and to release all or a portion of the Site and all or a portion of the Facility from this Lease Agreement and the Site and Facility Lease without requiring the prior approval of the City Council or the Board of Directors of the Authority, but subject to the following:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of the site of the Elm Avenue Project and deletes therefrom the description of all or a portion of the Site;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of the site of the Elm Avenue Project and deletes therefrom the description of all or a portion of the Site;

(iii) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the site of the Elm Avenue Project and deletes therefrom the description of all or a portion of the Site;

(iv) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of the Elm Avenue Project and deletes therefrom the description of all or a portion of the Facility;

(v) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of the Elm Avenue Project and deletes therefrom the description of all or a portion of the Facility;

(vi) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Facility, as amended, is of equal or greater value than the outstanding principal amount of the Bonds;

(vii) The City shall certify that the Facility, as amended, is of the same or greater essentiality to the City as was the Facility; and

(viii) The City shall certify that the Facility, as amended, has a useful life equal to or longer than the remaining term of the Bonds.

(e) *Generally.* The Authority and the City may at any time amend or modify any of the provisions of this Lease Agreement, subject to Section 6.09 of the Indenture, but only (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the

Outstanding Bonds, or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of the Owners of the Bonds of interest on the Bonds under the Code, in the opinion of Bond Counsel.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Additional Payment required hereunder and the continuation of such failure for a period of thirty (30) days after notice thereof is given to the City by the Trustee.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time which shall last no longer than 120 days after the original written notice.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the fee interest of the City in the Property to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and, upon the breach thereof, the Authority may exercise any and all rights of entry and re-entry upon the Property. The City hereby irrevocably consents to the Authority's repossession of the Property if such an Event of Default shall occur and consents to the Authority's re-letting of the Property for the account of the City. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event,

such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, in the event the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority.

(b) The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Property in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Property to place such property in storage or other suitable place in Los Angeles County, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(c) The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City that may be in or upon the Property.

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

Section 9.3. Limitation on Remedies. Notwithstanding the foregoing provisions of Section 9.2, neither the Authority nor the Trustee shall exercise any remedies against the Property to the extent such remedies would generate funds which are not available to satisfy the obligations of this Lease Agreement or the Indenture.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall

not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies may be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture. The Trustee shall be considered a third-party beneficiary of this Lease Agreement for enforcing its rights under this Lease Agreement.

ARTICLE X
MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by phone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

To the Authority:	Finance Authority of Long Beach c/o City of Long Beach Department of Financial Management 411 West Ocean Boulevard, 6 th Floor Long Beach, CA 90802 Attention: City Treasurer Fax: (562) 570-5836
If to the City:	City of Long Beach Department of Financial Management 411 West Ocean Boulevard, 6 th Floor Long Beach, CA 90802 Attention: City Treasurer Fax: (562) 570-5836
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24 th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Fax: (213) 615-6051

The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Governing Law. This Lease Agreement is a contract made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State.

Section 10.8. Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.9. Waiver of Personal Liability. All liabilities under this Lease Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every Council member, director, officer, employee and agent of the City of and from any personal or individual liability under this Lease Agreement. No Council member, director, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Lease Agreement for anything done or omitted to be done by the City hereunder.

Section 10.10. Limitation of Rights to Parties and Bond Owners. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Lease Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

Section 10.11. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed in its name by its duly Authorized Representative; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

FINANCE AUTHORITY OF LONG
BEACH

By _____
Kevin Riper
Executive Director

CITY OF LONG BEACH

By _____
Kevin Riper
Director of Financial Management

EXHIBIT A DESCRIPTION OF THE SITE

Real property in the City of Long Beach, County of Los Angeles, State of California, described as follows:

Emergency Communications Operations Center Site

TRACT ONE:

THAT PORTION OF RANCHO LOS CERRITOS IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2, PAGES 202 THROUGH 205 OF PATENTS IN THE OFFICE OF SAID COUNTY RECORDER, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHWESTERLY CORNER OF PARCEL 9 OF PARCEL MAP NO. 16960, IN SAID CITY, AS PER MAP RECORDED IN BOOK 208, PAGES 92 THROUGH 100, INCLUSIVE, OF PARCEL MAPS, RECORDS OF SAID COUNTY; THENCE FOLLOWING THE BOUNDARY LINE OF PARCELS 9 AND 10 OF SAID PARCEL MAP BY THE FOLLOWING SIX COURSES: NORTH 9°45'28" EAST 232.12 FEET; THENCE SOUTH 89° 53'01" EAST 233.60 FEET; THENCE NORTH 53°04'54" EAST 181.74 FEET; THENCE NORTH 0°16'54" EAST 305.50 FEET; THENCE SOUTH 89°58'42" WEST 58.81 FEET; THENCE NORTH 0°08'48" EAST 426.88 FEET TO AN INTERSECTION WITH THE SOUTHERLY LINE OF SPRING STREET, 100 FEET WIDE, AS SHOWN ON RECORD OF SURVEY MAP FILED IN BOOK 85, PAGE 19 OF RECORDS OF SURVEY OF SAID COUNTY, SAID INTERSECTION BEING ON A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 950.00 FEET AND THROUGH WHICH A RADIAL LINE TO SAID CURVE BEARS SOUTH 6°22'25" WEST; THENCE WESTERLY 103.88 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 6°15'54"; THENCE WESTERLY ALONG SAID SLY LINE NORTH 89°52'59" WEST 620.52 FEET TO A POINT DISTANT EASTERLY THEREON 20.00 FEET FROM THE INTERSECTION OF SAID SOUTHERLY LINE OF SPRING STREET WITH THE EASTERLY LINE OF REDONDO AVENUE, 90 FEET WIDE, AS SHOWN ON TRACT NO. 27805, AS PER MAP RECORDED IN BOOK 712 PAGES 95 THROUGH 97, INCLUSIVE, OF MAPS, RECORDS OF SAID COUNTY; THENCE SOUTH 45°06'46" WEST IN A DIRECT LINE, 28.28 FEET TO A POINT IN THE EASTERLY LINE OF SAID REDONDO AVENUE, DISTANT SOUTHERLY THEREON 20.00 FEET FROM SAID INTERSECTION; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 0°06'32" WEST 958.27 FEET TO A POINT DISTANT NORTHERLY THEREON 7.94 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE OF REDONDO AVENUE WITH THE NORTHERLY LINE OF KILROY AIRPORT WAY, VARIES IN WIDTH, AS SHOWN ON SAID PARCEL MAP NO. 16960; THENCE SOUTH 44°53'28" EAST IN A DIRECT LINE 11.24 FEET TO A POINT IN THE NORTHERLY LINE OF SAID KILROY AIRPORT WAY, DISTANT EASTERLY 7.94 FEET FROM LAST MENTIONED INTERSECTION; THENCE FOLLOWING THE NORTHERLY LINE OF SAID KILROY AIRPORT WAY BY THE FOLLOWING FIVE COURSES; SOUTH 89°53'28" EAST 62.06 FEET TO A TANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 296.00 FEET; THENCE SOUTHEASTERLY 129.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25°00'00"; THENCE SOUTH 64°53'28" EAST 57.87 FEET TO A TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 354.00 FEET; THENCE SOUTHEASTERLY 82.99 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°25'54"; THENCE SOUTH 78°19'22" EAST 59.24 FEET TO THE POINT OF BEGINNING.

APN: 7149-003-931

TRACT TWO:

PARCEL ONE:

LOT 408 OF TRACT NO. 13130, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 260 PAGES 9 TO 12 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL TWO:

THAT PORTION OF THE RANCHO LOS CERRITOS, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BOUNDED ON THE SOUTH BY THE NORTHERLY LINE OF LOT 408, OF TRACT NO. 13130, AS PER MAP RECORDED IN BOOK 260 PAGES 9 TO 12 OF MAPS; ON THE WEST BY THE EASTERLY LINE OF TRACT NO. 5134, AS PER MAP RECORDED IN BOOK 64, PAGE 49 OF MAPS, ON THE NORTH, BY THE SOUTHERLY LINE OF THE RIGHT OF WAY OF UNION PACIFIC RAILROAD AND ON THE EAST BY THE WEST LINE OF ATLANTIC AVENUE.

APN: 7134-007-900 AND 7134-007-901

Temple/Willow Site

PARCEL 1: (7212-022-901)

THAT PORTION OF RANCHO LOS CERRITOS, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGE 292 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED AS FOLLOWS:

ON THE SOUTH BY THAT PARCEL OF LAND DESCRIBED AS PARCEL 10-19 (PART A) IN THE DEED TO THE COUNTY OF LOS ANGELES RECORDED SEPTEMBER 23, 1970, AS INSTRUMENT NO. 3169; ON THE WEST AND SOUTHWEST BY THAT PARCEL OF LAND DESCRIBED AS PARCEL 10-19 (PART B) IN SAID DEED TO THE COUNTY OF LOS ANGELES; ON THE NORTH BY THE SOUTHERLY LINE OF TRACT NO. 26269, AS PER MAP RECORDED IN BOOK 705 PAGES 86 THROUGH 88 OF MAPS, IN SAID RECORDER'S OFFICE; AND ON THE EAST BY THE SOUTHEASTERLY LINE OF SAID RANCHO LOS CERRITOS.

PARCEL 2: (7212-022-903)

THAT PORTION OF LOT 1 OF TRACT NO. 10548, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 174, PAGES 15 TO 23 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF SAID LOT 1 OF TRACT NO. 10548, AND THE NORTHERLY LINE OF WILLOW STREET (60 FEET WIDE), AS SHOWN ON SAID MAP OF TRACT NO. 10548; THENCE EASTERLY ALONG THE NORTHERLY LINE OF WILLOW STREET, A DISTANCE OF 132.38 FEET; THENCE NORTHERLY, AT RIGHT ANGLES TO SAID NORTHERLY LINE OF WILLOW STREET, A DISTANCE OF 98.80 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 1; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE SOUTHERLY 25 FEET THEREOF.

ALSO EXCEPT ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS SUITABLE TO THE GRANTOR, ITS SUCCESSORS AND ASSIGNS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF THE LANDS CONVEYED, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF THE LANDS CONVEYED, OR ANY PART THEREOF, ABOVE 500 FEET BELOW THE SURFACE OF THE GROUND, AS RESERVED BY BIXBY LAND COMPANY, A CALIFORNIA CORPORATION, IN DEED RECORDED JANUARY 17, 1963 AS INSTRUMENT NO. 1526 IN BOOK D-1888 PAGE 944, OFFICIAL RECORDS.

City Place Parking Facility Site

(7280-005-921)

LOT 18 OF TRACT NO. 53306, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1261, PAGES 31-34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL AND GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LAND OR OTHER LANDS, BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OF PURPOSES WHATSOEVER, AS RESERVED TO VARIOUS GRANTORS IN DEEDS BY WHICH THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ACQUIRED TITLE, SAID DEEDS BEING RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN THAT PORTION OF BLOCK 79 OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN, UNDER OR UPON SAID LAND AS CONVEYED TO CAROLYN BRAGG BELFOUR IN DEED RECORDED NOVEMBER 20, 1963 AS INSTRUMENT NO. 5054, OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN THAT PORTION OF BLOCK 79 OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AN UNDIVIDED ONE-HALF OF ALL OF THE OIL, PETROLEUM, GAS AND ALL OTHER MINERALS AND MINERAL SUBSTANCES OF EVERY KIND AND CHARACTER IN AND UNDER AND THAT MAYBE PRODUCED FROM SAID LAND AS CONVEYED TO JOHN B. STEWART AND CHARMAINE D. STEWART, HUSBAND AND WIFE, AS JOINT TENANTS IN DEED RECORDED DECEMBER 20, 1963 AS INSTRUMENT NO. 5280, OF OFFICIAL RECORDS.

ALSO EXCEPT FROM THOSE PORTIONS OF SAID LAND LYING WITHIN LOT 12 IN BLOCK 80 OF SAID TOWNSITE OF LONG BEACH, AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL OIL AND MINERAL RIGHTS BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY DUANE W. LUNDE, AN UNMARRIED MAN, IN DEED RECORDED DECEMBER 6, 1971, IN BOOK D-5280 PAGE 449, OFFICIAL RECORDS, ALSO EXCEPTING THEREFROM AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL OIL AND MINERAL RIGHTS BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY JOHN J. GOTTES AND ELIZABETH L. GOTTES, HUSBAND AND WIFE, IN DEED RECORDED DECEMBER 8, 1971 AS INSTRUMENT NO. 46 IN BOOK D-5280 PAGE 450, OFFICIAL RECORDS.

ALSO EXCEPT ALL REMAINING OIL GAS AND MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXPLORE FOR AND EXTRACT SUCH SUBSTANCES, PROVIDED THAT THE SURFACE OPENING OF WELL, HOLE, SHAFT OR OTHER MEANS OF EXPLORING FOR, REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN SAID LAND AND SHALL NOT PENETRATE ANY PART OF OR PORTION WITHIN 500 FEET OF THE SURFACE THEREOF, AS QUITCLAIMED BY THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, BY DEED RECORDED DECEMBER 4, 1980 AS INSTRUMENT NO. 80-1217485 OF OFFICIAL RECORDS.

Mark Twain Library Site

LOTS 10, 20, 21, 22, 23, 24, 25 AND 26 IN BLOCK "A" OF THE WALNUT AND ANAHEIM PARK TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 12, PAGE 146 OF MAPS, TOGETHER WITH THAT PORTION OF THE ALLEY VACATED BY THE CITY OF LONG BEACH PER RESOLUTION NO. 05-0111 RECORDED NOVEMBER 23, 2005 AS INSTRUMENT NO. 2005-2853096 OF OFFICIAL RECORDS, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID LOS ANGELES COUNTY, CALIFORNIA.

APN: 7268-041-910

Michelle Obama Library Site

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 OF BLOCK 16 OF TRACT NO. 6521, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 69, PAGES 31 AND 32 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7124-032-900, 7124-032-901, 7124-032-902, 7124-032-903, 7124-032-904, 7124-032-905, 7124-032-909, 7124-032-910, 7124-032-911, 7124-032-912, 7124-032-913, 7124-032-914; 930, 7124-032-915, 7124-032-906, 7124-032-917, 7124-032-907, 7124-032-918, 7124-032-908

APN: 7124-032-900, 7124-032-901, 7124-032-902, 7124-032-903, 7124-032-904, 7124-032-905, 7124-032-909, 7124-032-910, 7124-032-911, 7124-032-912, 7124-032-913, 7124-032-914, 7124-032-915, 7124-032-917, AND 7124-032-918

EXHIBIT B

DESCRIPTION OF THE FACILITY

Emergency Communications Operations Center. The Emergency Communications Operations Center (ECOC) located at 2990 Redondo Avenue, is a 42,000 square-foot state-of-the-art facility. It receives calls from the public for police, fire, and/or emergency medical services. The ECOC is the City's nerve-center during a crises. It facilitates a central location at which personnel evaluates, coordinates and strategizes to deliver critical essential services. Its mission is to protect lives while protecting the safety of first responders. Annually, the ECOC receives over 700,000 calls for service, including calls from cell phones. Its systems insure the quickest possible response times on every call. Upon an emergency declaration or disaster situations, the ECOC serves as a hub from which emergency protocols are adhered, including coordination with federal, state, county and other municipal entities. The ECOC facilitates the response from various departments, including the response to the corona virus crisis. It operates using a computer-aided dispatch technology to reliably communicate with public safety responders in the field and maintain accurate incident records. The ECOC also has a mass notification system to keep the public and internal department's informed.

Temple/Willow Facility (northeast corner of Temple Avenue and Willow Street). The Temple/Willow Facility is where the City's Fleet Services Bureau and Environmental Services Bureaus are located. The land size of the property is approximately 942,167 square feet. Fleet Maintenance Operations and Acquisition occupies 165,411 square feet. Maintenance and repair services for the City's more than 1,800 vehicles and equipment is provided through the fleet services garage, tire shop, smog and vehicle storage. Fleet Operations including an liquefied natural gas fueling facility, car/truck wash facility, administration offices and fleet parking. Fleet Acquisition stores newly acquired vehicles reading them for service. Towing and Lien Sales occupies 270,373 square feet and provides towing, towed vehicle and evidence storage, police parking, propane tank fueling area, customer parking and lien sale auction vehicles areas and Towing and Lien Sales offices. Environmental Services Bureau (ESB) occupies 177,822 square feet for office space, parking for refuse trucks, sweepers, and equipment storage and parking for employees and customers. An additional 328,561 square feet provides common areas, an outdoor lunchroom, drive lanes and fire lanes. The City insures the Temple/Willow Facility at a replacement value of \$29,925,000 which does not include the value of the land.

City Place Parking Facility (50 East 3rd Street). The Pine Avenue Parking Facility, built in 2000, provides 598 spaces for the City Place Shopping Center. It is one of three adjacent parking structures providing in total 2,413 spaces. The City Place is an urban retail development covering six city blocks bound by Sixth Street to the North, Long Beach Boulevard to the east, Third Street to the south, and Pine Street to the west. It offers 350,000 square feet of retail, restaurants and services. Businesses range from Wal-Mart, Nordstrom Rack and Ross, to diverse restaurants and services. The City insures the Pine Avenue Parking Facility at a replacement value of \$8,410,000 which does not include the value of the land.

Mark Twain Library (1324 Gundry Avenue). The Mark Twain Neighborhood Library is a 16,000 square-foot library building constructed in August 2007. This library branch was the first building in the City to receive the Silver Medal LEED Award from the U.S. Green Building Council. It offers community meeting rooms, public computers, family learning center and Khmer book collection. Its replacement insured value is \$10,985,826, which does not include the value of the land.

Michelle Obama Library (5870 Atlantic). The Michelle Obama Neighborhood Library is a 24,655 square-foot facility constructed in 2001, initially known as the North Branch Library and re-opened after modernizations in September 2016. The library is a single-story building with three public community meeting spaces. It has areas to serve children, teens, and adults. The library offers resources and programs for people with disabilities, including assistive and adaptive technologies. Library amenities include public computers, free Wi-Fi, study rooms, Learning Lab Studio, and Family Learning Center. The library has a sustainable design that focuses on two key areas: water and energy use. It has a cutting-edge watering system coupled with drought tolerant native plants. Design measures such as use of natural light, efficient HVAC, and building envelope techniques exceed the LEED Silver building standard. Its replacement insured value is \$13,426,357, which does not include the value of the land.

EXHIBIT C-1

SCHEDULE OF ELM AVENUE BUILDING PORTION OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
7/25/23			
1/25/24			
7/25/24			
1/25/25			
7/25/25			
1/25/26			
7/25/26			
1/25/27			
7/25/27			
1/25/28			
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7/25/44			
1/25/45			
7/25/45			
1/25/46			
7/25/46			
1/25/47			
7/25/47			
1/25/48			

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
7/25/48			
1/25/49			
7/25/49			
1/25/50			
7/25/50			
1/25/51			
7/25/51			
1/25/52			
7/25/52			
1/25/53			
7/25/53			
1/25/54			
7/25/54			
1/25/55			
7/25/55			
TOTAL			

EXHIBIT C-2

SCHEDULE OF INFRASTRUCTURE PORTION OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
7/25/23			
1/25/24			
7/25/24			
1/25/25			
7/25/25			
1/25/26			
7/25/26			
1/25/27			
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1/25/45			
7/25/45			
1/25/46			
7/25/46			
1/25/47			
7/25/47			
1/25/48			

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
7/25/48			
1/25/49			
7/25/49			
1/25/50			
7/25/50			
1/25/51			
7/25/51			
1/25/52			
7/25/52			
1/25/53			
7/25/53			
TOTAL			

EXHIBIT C-3

SCHEDULE OF TOTAL LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
7/25/23			
1/25/24			
7/25/24			
1/25/25			
7/25/25			
1/25/26			
7/25/26			
1/25/27			
7/25/27			
1/25/28			
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7/25/42			
1/25/43			
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1/25/44			
7/25/44			
1/25/45			
7/25/45			
1/25/46			
7/25/46			
1/25/47			
7/25/47			
1/25/48			

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
7/25/48			
1/25/49			
7/25/49			
1/25/50			
7/25/50			
1/25/51			
7/25/51			
1/25/52			
7/25/52			
1/25/53			
7/25/53			
TOTAL			

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2023

NEW ISSUES—BOOK-ENTRY ONLY

RATINGS:

Fitch: “ ”

S&P: “ ”

See “RATINGS.”

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the Authority and the City with certain covenants, interest on the Series 2023 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may affect the corporate alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Series 2023 Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS.”



\$ _____ *

FINANCE AUTHORITY OF LONG BEACH
LEASE REVENUE BONDS,
SERIES 2023

Dated: Date of Delivery

Due: August 1, as shown on inside cover

The Finance Authority of Long Beach Lease Revenue Bonds, Series 2023 (the “**Series 2023 Bonds**”) are being issued by the Finance Authority of Long Beach, a joint exercise of powers entity organized and existing under the laws of the State of California (the “**Authority**”) pursuant to an Indenture of Trust, dated as of May 1, 2023 (the “**Series 2023 Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The Series 2023 Bonds are secured by a pledge of and lien on the Series 2023 Revenues (as defined herein), consisting primarily of Series 2023 Lease Payments (as defined herein). The Series 2023 Bonds are being issued to: (a) finance the acquisition and refurbishment of an existing building for municipal uses (the “**Municipal Building**”); (b) finance certain capital improvements of the City of Long Beach (the “**City**”); (c) fund a portion of the interest on the Series 2023 Bonds through August 1, 2025; and (d) pay costs of issuance of the Series 2023 Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The City will lease certain real property and the improvements thereon (collectively, the “**Series 2023 Property**,” as more particularly described herein) from the Authority pursuant to a Lease Agreement, dated as of May 1, 2023 (the “**Series 2023 Lease Agreement**”), by and between the Authority and the City. Under the Series 2023 Lease Agreement, the City is required to make lease payments (the “**Series 2023 Lease Payments**”) from legally available funds in amounts calculated to be sufficient to pay the principal of and interest on the Series 2023 Bonds when due, as described herein.

All of the Authority’s right, title and interest in and to the Series 2023 Lease Agreement (except for the right to receive any Additional Payments under the Series 2023 Lease Agreement to the extent payable to the Authority and certain rights to indemnification), including the right to receive the Series 2023 Lease Payments under the Series 2023 Lease Agreement, are assigned to the Trustee under the Series 2023 Indenture for the benefit of the Series 2023 Bondowners. See “SECURITY FOR THE SERIES 2023 BONDS.” In addition, the obligation of the City to make Series 2023 Lease Payments and Additional Payments under the Series 2023 Lease Agreement is subject to abatement during any period in which, by reason of damage, destruction or a taking by eminent domain, there is substantial interference with the use and occupancy by the City of any portion of the Series 2023 Property. See “SECURITY FOR THE SERIES 2023 BONDS—Abatement.”

The Series 2023 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2023 BONDS—Redemption of Series 2023 Bonds.”

The Series 2023 Bonds are being issued in denominations of \$5,000 and any integral multiple thereof. Interest on the Series 2023 Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2024. See “THE SERIES 2023 BONDS.” The Series 2023 Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”). DTC will act as securities depository of the Series 2023 Bonds. Ownership interests in the Series 2023 Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2023 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Series 2023 Bonds. See “THE SERIES 2023 BONDS—General” and APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF THE SERIES 2023 REVENUES AND ANY OTHER AMOUNTS HELD IN ANY FUND OR ACCOUNT ESTABLISHED PURSUANT TO THE SERIES 2023 INDENTURE (OTHER THAN THE COSTS OF ISSUANCE FUND). THE CITY HAS COVENANTED IN THE SERIES 2023 LEASE AGREEMENT TO TAKE SUCH ACTION AS MAY BE NECESSARY TO INCLUDE ALL SERIES 2023 LEASE PAYMENTS DUE THEREUNDER IN EACH OF ITS BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE SERIES 2023 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE SERIES 2023 LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE SERIES 2023 LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY

* Preliminary; subject to change.

FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains information for quick reference only. It is *not* a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2023 Bonds will be offered when, as and if issued, and received by the Underwriters, subject to the approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Certain legal matters will be passed upon for the Authority by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain matters will be passed on for the Underwriters by Nixon Peabody LLP, Los Angeles, California. It is anticipated that the Series 2023 Bonds will be available for delivery through the facilities of DTC on or about May __, 2023.

RBC Capital Markets, LLC

Cabrera Capital Markets, LLC

Date of this Official Statement: April __, 2023

\$ _____ *

**FINANCE AUTHORITY OF LONG BEACH
LEASE REVENUE BONDS, SERIES 2023**

MATURITY SCHEDULE

CUSIP Prefix: 54241Q[†]

<i>Maturity (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP Suffix[†]</i>
	\$	%	%		

* Preliminary; subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

**FINANCE AUTHORITY OF LONG BEACH
CITY OF LONG BEACH**

Authority Board of Directors

Thomas B. Modica, *Chairperson*
Kevin Riper, *Vice-Chair and Executive Director*
Hank Kim, *Treasurer/Auditor*

Rex Richardson,
Mayor

Cindy Allen,
Vice Mayor, Second District

Mary Zendejas, *First District*
Kristina Duggan, *Third District*
Daryl Supernaw, *Fourth District*
Megan Kerr, *Fifth District*

Dr. Suely Saro, *Sixth District*
Roberto Uranga, *Seventh District*
Al Austin, *Eighth District*
Dr. Joni Ricks-Oddie, *Ninth District*

City Officials and Staff

Thomas B. Modica
City Manager

Linda F. Tatum
Assistant City Manager

Kevin Riper
Director of Financial Management

Hank Kim
City Treasurer

Dawn McIntosh
City Attorney

Doug Haubert
City Prosecutor

Laura L. Doud
City Auditor

Monique De La Garza
City Clerk

Richard F. Anthony
Principal Deputy City Attorney

Professional Services

KNN Public Finance, LLC
Municipal Advisor

U.S. Bank Trust Company, National Association
Trustee

Quint & Thimmig LLP
Bond Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Disclosure Counsel

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriters to give any information or to make any representations with respect to the offer or sale of the Series 2023 Bonds other than as set forth in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from official sources and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Underwriters. The information and expressions of opinion herein are 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 or the City since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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 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.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority’s or the City’s forecasts in any way, regardless of the level of optimism communicated in the information. The Authority is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See “CONTINUING DISCLOSURE.”

In connection with the offering of the Series 2023 Bonds, the Underwriters may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2023 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2023 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriters.

The Series 2023 Bonds have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon an exemption from the registration requirements contained in the Securities Act. The Series 2023 Bonds have not been registered or qualified under the securities laws of any state.

The City maintains a website and certain social media accounts. However, the information presented on the website and such accounts is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2023 Bonds.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General Description	1
Terms of the Series 2023 Bonds	1
Book-Entry Only	2
Source of Payment for the Series 2023 Bonds.....	2
No Reserve Account.....	3
No Additional Bonds; Additional Obligations Secured by the General Fund	3
The City	3
The Authority.....	3
Limited Liability	3
Continuing Disclosure	4
Tax Matters.....	4
Certain Risk Factors	4
Other Information	4
ESTIMATED SOURCES AND USES OF FUNDS	5
PLAN OF FINANCING.....	5
Building Acquisition and Refurbishment	5
Capital Improvements.....	5
THE SERIES 2023 PROPERTY	6
City Place Parking Facility	6
Temple/Willow (Fleet Services and Environmental Services Bureau Buildings)	6
Emergency Communications Operations Center.....	7
Mark Twain Library	7
Michelle Obama Library.....	7
Substitution of Series 2023 Property	7
THE SERIES 2023 BONDS.....	7
General.....	7
Transfer and Exchange of Series 2023 Bonds	8
Redemption of Series 2023 Bonds.....	9
Selection of Series 2023 Bonds for Redemption	10
Notice of Redemption.....	10
Partial Redemption of Bonds.....	10
Effect of Redemption.....	10
Debt Service Schedule.....	11
SECURITY FOR THE SERIES 2023 BONDS.....	11
General.....	11
Limited Obligation.....	12
Lease Payments and Additional Payments	12
No Reserve Account.....	13
Addition, Deletion or Substitution of Property Constituting the Sites or the Project	13
Insurance and Condemnation Awards	13
Abatement.....	14
Insurance.....	15
No Additional Bonds	16
THE AUTHORITY	16
THE CITY OF LONG BEACH.....	16

CITY FINANCIAL INFORMATION.....	17
General.....	17
Budgetary Process	17
COVID-19	17
Financial Condition of the City	20
Recent Voter-Approved Measures.....	20
Financial Statements.....	22
Pension Plans and Post-Retirement Health Care Benefits	25
Employer/Employee Relations	29
Insurance Coverage and Liability Claims.....	29
Outstanding Obligations	30
Civic Center Project Agreement.....	35
Assessed Valuation.....	35
Largest Property Taxpayers	38
Tax Receipts	38
Oil Related General Fund Revenues.....	39
Investment of City Funds.....	41
STATE BUDGET.....	42
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS.....	42
Article XIII A of the California Constitution	42
Article XIII B of the California Constitution.....	43
Proposition 62.....	44
Proposition 218.....	45
Proposition 22.....	46
Proposition 26.....	46
Future Initiatives.....	47
RISK FACTORS	47
Limited Obligation.....	48
Additional Obligations Payable from the General Fund.....	48
Valid and Binding Covenant to Budget and Appropriate	48
COVID-19	49
Abatement.....	49
No Acceleration Upon Default	49
Certain Risks Associated with Sales Tax and Other Local Tax Revenues	49
Assessed Value of Taxable Property	50
Dependence on State for Certain Revenues.....	50
Limitation on Remedies.....	51
Risk of Uninsured Loss	52
Natural Disasters.....	52
Eminent Domain.....	53
Hazardous Substances	53
Cybersecurity.....	53
Limitation on Trustee’s Obligations under the Indenture.....	54
Release of Property.....	54
Bankruptcy.....	55
Climate Change	56
No Liability of Authority to the Owners.....	56
Risk of Tax Audit	56
Loss of Tax Exemption.....	56
Limited Secondary Market	57
No Reserve Accounts	57

Retirement Liabilities	57
Ballot Initiative Relating to Taxation	57
Changes in Law	58
TAX MATTERS.....	58
CERTAIN LEGAL MATTERS	60
FINANCIAL STATEMENTS	61
LITIGATION	61
RATINGS	61
UNDERWRITING	61
MUNICIPAL ADVISOR	62
CONTINUING DISCLOSURE.....	62
ADDITIONAL INFORMATION.....	62
APPENDIX A GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF LONG BEACH	A-1
APPENDIX B ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022	B-1
APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS	C-1
APPENDIX D PROPOSED FORM OF BOND COUNSEL OPINION	D-1
APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	E-1
APPENDIX F BOOK-ENTRY ONLY SYSTEM	F-1

OFFICIAL STATEMENT

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FINANCE AUTHORITY OF LONG BEACH LEASE REVENUE BONDS, SERIES 2023

INTRODUCTION

The following introduction presents a brief description of certain information in connection with the Series 2023 Bonds (as defined below) and is qualified in its entirety by reference to this entire Official Statement, including the cover page, the inside cover page and the attached appendices (this “**Official Statement**”), and the documents summarized or described herein. References to, and summaries of, provisions of the Constitution and the laws of the State of California (the “**State**”) and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof. Capitalized terms used in this Official Statement and not defined herein have the meanings given to such terms in the Series 2023 Indenture (as defined below). See APPENDIX C—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Definitions.”

General Description

This Official Statement provides certain information concerning the issuance of the Finance Authority of Long Beach Lease Revenue Bonds, Series 2023 (the “**Series 2023 Bonds**”), by the Finance Authority of Long Beach, a joint exercise of powers entity organized under the laws of the State (the “**Authority**”).

The Series 2023 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2023 (the “**Series 2023 Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

The Series 2023 Bonds are being issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code.

The Series 2023 Bonds are being issued to: (a) finance the acquisition and refurbishment of an existing building for municipal uses (the “**Municipal Building**”); (b) finance certain capital improvements of the City of Long Beach (the “**City**”); (c) fund a portion of the interest on the Series 2023 Bonds through August 1, 2025; and (d) pay costs of issuance of the Series 2023 Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Terms of the Series 2023 Bonds

The Series 2023 Bonds will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2023 Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024 (each, an “**Interest Payment Date**”), at the respective rates of interest set forth on the inside cover page of this Official Statement. The Series 2023 Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof.

The Series 2023 Bonds are subject to redemption as described herein. See “THE SERIES 2023 BONDS—Redemption of Series 2023 Bonds.”

* Preliminary; subject to change.

Book-Entry Only

The Series 2023 Bonds will be issued in fully registered form and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company (“DTC”). DTC will act as the depository of the Series 2023 Bonds and all payments due on the Series 2023 Bonds will be made to DTC or its nominee. Ownership interests in the Series 2023 Bonds may be purchased in book-entry form only. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

Source of Payment for the Series 2023 Bonds

Pursuant to a Site and Facility Lease, dated as of May 1, 2023 (the “**Series 2023 Site and Facility Lease**”), by and between the City and the Authority, the City will lease to the Authority certain real property and the improvements located thereon (collectively, the “**Series 2023 Property**”) owned by the City. See “THE SERIES 2023 PROPERTY.” Concurrently, the City will sublease the Series 2023 Property back from the Authority pursuant to a Lease Agreement, dated as of May 1, 2023 (the “**Series 2023 Lease Agreement**”), by and between the Authority and the City. Under the Series 2023 Lease Agreement, subject to abatement as provided therein, the City is required to make lease payments (the “**Series 2023 Lease Payments**”) from legally available funds for the use and occupancy of the Series 2023 Property in amounts calculated to be sufficient to pay principal of and interest on the Series 2023 Bonds when due. See “PLAN OF FINANCING—Building Acquisition and Refurbishment.”

The Series 2023 Bonds are limited obligations of the Authority payable solely from and secured solely by a pledge of the Series 2023 Revenues and any other amounts held by in any fund or account established pursuant to the Series 2023 Indenture (other than the Costs of Issuance Fund), and the Series 2023 Revenues may not be used for any other purpose while any of the Series 2023 Bonds remain Outstanding; provided, however, that the Series 2023 Revenues may be applied for such other purposes as are permitted under the Series 2023 Indenture. “**Series 2023 Revenues**” means: (i) all Series 2023 Lease Payments, prepayments, insurance proceeds, condemnation proceeds; and (ii) all interest or other income from the investment of amounts in certain funds and accounts established pursuant to the Series 2023 Indenture.

The City has covenanted in the Series 2023 Lease Agreement to take such action as may be necessary to include the Series 2023 Lease Payments in each of its annual budgets during the term of the Series 2023 Lease Agreement and has further covenanted to make the necessary annual appropriations for the Series 2023 Lease Payments. All of the Authority’s right, title and interest in and to the Series 2023 Lease Agreement (apart from certain rights to receive Additional Payments to the extent payable to the Authority and to indemnification), including the right to receive the Series 2023 Lease Payments under the Series 2023 Lease Agreement, have been assigned to the Trustee under the Series 2023 Indenture for the benefit of the Bondowners.

During any period in which, by reason of damage or destruction of the Series 2023 Property there is substantial interference with the use and occupancy by the City of any portion of the Series 2023 Property, the Series 2023 Lease Payments will be abated in an amount agreed upon by the City and the Authority such that the resulting Series 2023 Lease Payments represent fair consideration for the use and occupancy of the portions of the Series 2023 Property not damaged or destroyed and available for use and possession by the City. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Series 2023 Property is available for use and possession by the City.

If all of the Series 2023 Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Series 2023 Lease Agreement will cease with respect to the Series 2023 Property as of the day possession shall be so taken; however, if less than all of the Series 2023 Property is taken permanently, or if all of the Series 2023 Property or any part thereof is taken temporarily under the power of eminent domain: (i) the Series 2023 Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking; and (ii) there will be a partial abatement

of the Series 2023 Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Lease Payments for the Series 2023 Property represent fair consideration for the use and occupancy of the remaining usable portion of the Series 2023 Property. See “SECURITY FOR THE SERIES 2023 BONDS—Abatement.”

No Reserve Account

A debt service reserve account will not be established for the Series 2023 Bonds.

No Additional Bonds; Additional Obligations Secured by the General Fund

The Authority may not issue additional bonds or other indebtedness payable from the Series 2023 Revenues in whole or in part. See “SECURITY FOR THE SERIES 2023 BONDS—No Additional Bonds.”

However, the Series 2023 Lease Agreement does not prohibit the City from incurring additional obligations secured by its General Fund. In that regard, the City from time to time incurs various General Fund obligations to finance public improvements, which may also include lease payments or other obligations payable from its General Fund. See “CITY FINANCIAL INFORMATION—Outstanding Obligations” for information with respect to currently outstanding General Fund obligations.

The City

The City is a municipal corporation and chartered city, organized and existing under its charter and the laws of the State. See “THE CITY OF LONG BEACH,” “CITY FINANCIAL INFORMATION” and APPENDIX A—“GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF LONG BEACH.”

The Authority

The Authority is a joint exercise of powers entity formed by agreement between the City and the Housing Authority of the City (the “**Housing Authority**”) pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code. See “THE AUTHORITY.”

Limited Liability

THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF THE SERIES 2023 REVENUES AND ANY OTHER AMOUNTS HELD IN ANY FUND OR ACCOUNT ESTABLISHED PURSUANT TO THE SERIES 2023 INDENTURE (OTHER THAN THE COSTS OF ISSUANCE FUND). THE CITY HAS COVENANTED IN THE SERIES 2023 LEASE AGREEMENT TO TAKE SUCH ACTION AS MAY BE NECESSARY TO INCLUDE ALL SERIES 2023 LEASE PAYMENTS DUE THEREUNDER IN EACH OF ITS BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE SERIES 2023 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE SERIES 2023 LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE SERIES 2023 LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Continuing Disclosure

The City, as an obligated person with respect to the Series 2023 Bonds within the meaning of Rule 15c2-12 adopted by the Securities and Exchange Commission (the “**Rule**”), has agreed to undertake the continuing disclosure responsibilities required by the Rule. The Authority has not undertaken a commitment to provide any continuing disclosure required by the Rule.

The City has covenanted in a continuing disclosure certificate for the Series 2023 Bonds (the “**Continuing Disclosure Certificate**”) to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“**EMMA**”) certain annual financial information and operating data of the type set forth herein including, but not limited to, its annual audited financial statements and, in a timely manner, notice of certain enumerated events. See “CONTINUING DISCLOSURE” and APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a description of the specific nature of the annual report and notices of enumerated events and a summary description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

Tax Matters

In the opinion of Quint & Thimmig LLP, Bond Counsel, assuming the Authority’s and the City’s compliance with certain covenants, interest on the Series 2023 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Series 2023 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2023 Bonds. Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2023 Bonds. In addition, in the opinion of Bond Counsel, interest on the Series 2023 Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS.”

Certain Risk Factors

Certain events could affect the ability of the City to make the Series 2023 Lease Payments when due. See “RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2023 Bonds.

Other Information

The descriptions herein of the Series 2023 Indenture, the Series 2023 Lease Agreement and other agreements relating to the Series 2023 Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2023 Bonds are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.” Copies of documents referred to in this Official Statement are on file and, upon request and payment to the City of a charge for copying, mailing and handling, copies are available from the City Treasurer, City of Long Beach, Department of Financial Management, 411 West Ocean Boulevard, 6th Floor, Long Beach, California 90802.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

The presentation of information, including tables of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City or the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds realized upon the sale of the Series 2023 Bonds is as follows:

Estimated Sources

Principal Amount	\$
Plus Net Original Issue Premium	
Total Sources	<u>\$</u>

Estimated Uses

Deposit to Series 2023 Project Fund	\$
Deposit to Interest Account ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Total Uses	<u>\$</u>

(1) Equal to a portion of the interest on the Series 2023 Bonds through and including August 1, 2025.

(2) Includes, but is not limited to, the Underwriters' discount, the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, the Municipal Advisor and the rating agencies, costs of posting and printing the Official Statement and other costs incurred by the Authority and the City in connection with the issuance and delivery of the Series 2023 Bonds.

PLAN OF FINANCING

Building Acquisition and Refurbishment

A portion of the proceeds of the Series 2023 Bonds will be applied to reimburse the City for the purchase price of the Municipal Building, which is located at 125 Elm Avenue, Long Beach, California 90802.

The Municipal Building, which was acquired by the City in December 2022 at a purchase price of \$21,000,000, is a 286,334 square foot five-story office building with rooftop deck parking (504 stalls) and approximately 91,411 square feet of usable office space. It is located in the City's downtown East Village Arts District, approximately three blocks from the City's waterfront and one block from the terminus of the Los Angeles Metro A (Blue) Line public transit system. The Municipal Building occupies an entire city block between Elm Avenue and Long Beach Boulevard and 1st Street and 2nd Street. The Municipal Building was constructed in 1970 and consists of steel frame construction. The Municipal Building's market value is expected to rise to approximately \$40,000,000 upon the completion of the tenant improvements that are described in the following paragraph.

The City is currently undertaking tenant improvements at the Municipal Building which are expected to be completed by the winter of 2025 at a total estimated cost of \$23,315,000. Upon the completion of the tenant improvements, the City intends to house the following municipal functions in the building: (i) the City Police Department's crime laboratory; (ii) a senior center; and (iii) offices for the City's natural gas utility (the Utilities Department) and Parks, Recreation and Marine Department.

Capital Improvements

A portion of the proceeds of the Series 2023 Bonds will be applied to finance approximately \$60,250,000 in various capital improvement projects, including: (i) pedestrian, bikeway and traffic safety enhancements and resurfacing and other improvements to City streets and medians; (ii) improvements, refurbishments and upgrades to infrastructure and landscaping at municipal park facilities; (iii) improvements,

refurbishments and upgrades to municipal library and fire department facilities; and (iv) other miscellaneous capital improvements. All of the foregoing projects have been approved by the City Council.

THE SERIES 2023 PROPERTY

The Series 2023 Property initially consists of the City Place Parking Facility, the Temple/Willow site (site of the City's Fleet Services and Environmental Services Bureaus), the City's Emergency Communications Operations Center, the City's Mark Twain Library and the City's Michelle Obama Library, all as further described below.

<i>Property</i>	<i>Description</i>	<i>Building Size</i>	<i>Location</i>	<i>Estimated Value⁽¹⁾</i>
City Place Parking Facility	Two-story parking structure with 598 stalls	142,398 square feet	50 East Third Street	\$ 9,579,642
Temple/Willow Site (Fleet Services and Environmental Services Bureau Buildings)	Office buildings, parking areas, fueling facility, car wash, service garage and storage areas	942,167 square feet	2600 Temple Avenue and 3111 East Willow Street	27,516,022
Emergency Communications Operations Center	Two-story building with state- of-the-art emergency response technology	42,000 square feet	2990 Redondo Avenue	14,212,491
Mark Twain Library	Library Building and Community Meeting Rooms	16,000 square feet	1401 East Anaheim Street	10,985,826
Michelle Obama Library	Library Building and Community Meeting Rooms	24,655 square feet	5870 Atlantic Avenue	<u>13,426,357</u>
Total				\$75,720,338

⁽¹⁾ Reflects insured values.

Source: City of Long Beach.

City Place Parking Facility

The Series 2023 Property includes a parking structure in the downtown East Village area, which has an insured value of \$9,579,642 (not including land value). The parking structure, which was constructed in 2000, includes 598 parking stalls over two stories. It is one of three adjacent parking structures that is patrolled 24 hours a day, seven days a week. The facility has video cameras onsite, a fire manual pull station and fire hoses and fire extinguishers at every level.

Temple/Willow (Fleet Services and Environmental Services Bureau Buildings)

The Series 2023 Property includes the adjacent offices of the City's Fleet Services and Environmental Services Bureaus, which have a total insured value of \$27,516,022 (not including land value). The property includes the Fleet Services Bureau's main administrative offices, a 165,411 square foot maintenance, repair, tire and smog check facility for over 1,800 City-owned vehicles, a compressed natural gas fueling facility and a car and truck wash. A towing and lien sales facility occupies 270,373 square feet and includes areas for vehicle and

evidence storage, police parking, a propane tank fueling facility, customer parking and lien sale auction areas. The Environmental Services Bureau facility includes 177,822 square feet for administrative offices, parking for refuse trucks and sweepers, equipment storage areas and parking for employees and customers. An additional 328,561 square feet includes an outdoor lunchroom, drive lanes and fire lanes.

Emergency Communications Operations Center

The Series 2023 Property includes the City's Emergency Communications Operations Center, which has an insured value of \$14,212,491 (not including land value). The two-story building, which was constructed in 2003, serves as the City's emergency response hub. The building is outfitted with state-of-the-art emergency response technology and can accommodate trained personnel from multiple City departments as well as County, State and federal representatives as needed to respond to an emergency.

Mark Twain Library

The Series 2023 Property includes the Mark Twain Neighborhood Library, which has an insured value of \$10,985,826 (not including land value). The library consists of a 16,000 square foot building that was constructed in 2007. The library was the first building in Long Beach to receive the Silver Medal LEED Award from the U.S. Green Building Council. The building contains community meeting rooms, public computers, a family learning center and a Khmer language book collection.

Michelle Obama Library

The Series 2023 Property includes the Michelle Obama Neighborhood Library, which has an insured value of \$13,426,357 (not including land value). The library consists of a 24,655 square foot single-story building that was constructed in 2001 and underwent a significant upgrade and modernization in 2016. The building contains community meeting rooms, study rooms, areas to serve children and teenagers, public computers, assistive and adaptive technologies for people with disabilities and a community garden. The library incorporates sustainable design elements, including a cutting-edge watering system coupled with drought tolerant native plants, natural light, an energy-efficient HVAC system and building envelope techniques that exceed the LEED Silver building standard. These sustainable design measures extend the life of the building and promote efficiencies in its maintenance.

For a discussion of the insurance required to be maintained on the Leased Premises, see "SECURITY FOR THE SERIES 2023 BONDS—Insurance."

Substitution of Series 2023 Property

The Series 2023 Lease Agreement provides that the City and the Authority may add any real property to, substitute any real property for, or release any real property from the Series 2023 Property, subject to satisfaction of the requirements of the Series 2023 Lease Agreement. The Series 2023 Lease Agreement specifies a number of conditions which must be met prior to such addition, substitution or deletion.

See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT—Assignment, Leasing and Amendment."

THE SERIES 2023 BONDS

General

The Series 2023 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2023 Bond will have more than one maturity. The Series 2023 Bonds will mature on August 1 in each of the years and in the respective principal amounts, and will

bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the respective rates set forth on the inside cover page hereof.

Interest on the Series 2023 Bonds is payable semiannually on each Interest Payment Date, commencing February 1, 2024, to the person whose name appears on the Registration Books as the Owner thereof as of the fifteenth calendar day of the month immediately preceding each such Interest Payment Date (each, a “**Record Date**”), such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first-class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided, however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Series 2023 Bonds in the aggregate principal amount of \$1,000,000 or more who furnishes written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any Series 2023 Bond and any premium upon redemption will be paid by wire or check of the Trustee upon presentation and surrender thereof at the Office of the Trustee, except as provided in APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.” Principal of and interest and premium (if any) on the Series 2023 Bonds is payable in lawful money of the United States of America.

Each Series 2023 Bond will be dated as of its date of delivery and will bear interest from the Interest Payment Date next preceding such date of authentication thereof, unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before July 15, 2023, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2023 Bond, interest thereon is in default, such Series 2023 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Series 2023 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC (DTC, together with any successor securities depository, the “**Securities Depository**”). DTC will act as Securities Depository for the Series 2023 Bonds. Individual purchases of the Series 2023 Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Series 2023 Bonds. *So long as Cede & Co. is the registered owner of the Series 2023 Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof mean Cede & Co. as aforesaid, and not the Beneficial Owners of the Series 2023 Bonds.* So long as Cede & Co. is the registered owner of the Series 2023 Bonds, principal of and interest on the Series 2023 Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

Transfer and Exchange of Series 2023 Bonds

Any Series 2023 Bond may, in accordance with its terms, be transferred on the Registration Books maintained by the Trustee by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2023 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Series 2023 Bond will not be permitted by the Trustee during the period established by the Trustee for selection of Series 2023 Bonds for redemption or if such Series 2023 Bond has been selected for redemption pursuant to the Series 2023 Indenture. Whenever any Series 2023 Bond or Series 2023 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Series 2023 Bond or Series 2023 Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Series 2023 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Any Series 2023 Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2023 Bonds of other authorized denominations and of like maturity. Exchange of any Series 2023 Bond will not be permitted during the period established by the Trustee for selection of Series 2023 Bonds

for redemption or if such Series 2023 Bond has been selected for redemption. The Trustee may require the Series 2023 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Redemption of Series 2023 Bonds*

Optional Redemption. The Series 2023 Bonds maturing on or after August 1, 2034 are subject to redemption, at the option of the City on any date on or after August 1, 2033 as a whole or in part, by such maturities as are determined by the City, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2023 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2023 Bonds maturing on August 1, 20__, are also subject to mandatory redemption from sinking account payments made by the Authority, in part by lot, on August 1, 20__ and on August 1 in each year thereafter to and including August 1, 20__ at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

<i>Redemption Date</i> <i>(August 1)</i>	<i>Principal</i> <i>Amount</i>
	\$
†	

† Maturity.

The Series 2023 Bonds maturing on August 1, 20__ are also subject to mandatory redemption from sinking account payments made by the Authority, in part by lot, on August 1, 20__ and on August 1 in each year thereafter to and including August 1, 20__, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

<i>Redemption Date</i> <i>(August 1)</i>	<i>Principal</i> <i>Amount</i>
†	

† Final Maturity.

Special Mandatory Redemption from Insurance or Condemnation Proceeds. The Series 2023 Bonds are subject to redemption as a whole or in part on any date to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Series 2023 Property damaged or destroyed and elected by the City to be used for such purpose as provided in the Series 2023 Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

* Preliminary; subject to change.

Selection of Series 2023 Bonds for Redemption

Whenever provision is made in the Series 2023 Indenture for the redemption of less than all of the Series 2023 Bonds of a particular maturity, the Trustee shall select the Series 2023 Bonds to be redeemed from all Series 2023 Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each Series 2023 Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Series 2023 Bond. If less than all the Outstanding Series 2023 Bonds of a Series are called for redemption from proceeds of eminent domain or insurance at any one time, the City will specify to the Trustee a principal amount in each maturity to be redeemed which, to the extent practicable, results in approximately equal annual debt service on the Series 2023 Bonds of such Series Outstanding following such redemption.

Notice of Redemption

Notice of redemption will be mailed by the Trustee by first-class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books maintained by the Trustee, and to the Securities Depositories and the Information Services. Each notice of redemption will state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Series 2023 Bonds (or all Series 2023 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Series 2023 Bonds within a maturity are called for redemption) bond numbers of the Series 2023 Bonds to be redeemed, the maturity or maturities of the Series 2023 Bonds to be redeemed and in the case of Series 2023 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said Series 2023 Bonds the redemption price thereof, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2023 Bonds be then surrendered for payment. Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2023 Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

So long as the book-entry system is used for the Series 2023 Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2023 Bonds called for redemption or any other action premised on such notice. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Partial Redemption of Bonds

Upon surrender of any Series 2023 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Series 2023 Bond or Series 2023 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2023 Bonds surrendered and of the same interest rate and maturity.

Effect of Redemption

If notice of redemption has been given as required by the Series 2023 Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Series 2023 Bonds (or portions thereof) so called for redemption are being held by the Trustee, on the redemption date designated in such notice, the Series 2023 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Series 2023 Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Series 2023 Indenture, and the

Limited Obligation

THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF THE SERIES 2023 REVENUES AND ANY OTHER AMOUNTS HELD IN ANY FUND OR ACCOUNT ESTABLISHED PURSUANT TO THE SERIES 2023 INDENTURE (OTHER THAN THE COSTS OF ISSUANCE FUND). THE CITY HAS COVENANTED IN THE SERIES 2023 LEASE AGREEMENT TO TAKE SUCH ACTION AS MAY BE NECESSARY TO INCLUDE ALL SERIES 2023 LEASE PAYMENTS DUE THEREUNDER IN EACH OF ITS BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE SERIES 2023 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE SERIES 2023 LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE SERIES 2023 LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Lease Payments and Additional Payments

The Series 2023 Lease Agreement requires the City, subject to abatement as provided therein, to deposit with the Trustee, as assignee of the Authority, on the fifteenth day of the month preceding each February 1 and August 1, commencing with the fifteenth day of the month preceding February 1, 2024 (the “**Lease Payment Dates**”), an amount equal to the applicable aggregate Series 2023 Lease Payment coming due and payable on each such Lease Payment Date. The Series 2023 Lease Payments payable in any fiscal year of the City constitute rental for the use and occupancy of the Series 2023 Property during such fiscal year. The City will receive a credit towards payment of the Series 2023 Lease Payments for amounts on deposit in the Series 2023 Revenue Fund (including the Interest Account and the Principal Account therein) on each Lease Payment Date.

The Series 2023 Lease Payments are calculated to be sufficient to pay, when due, the principal of and interest on the Series 2023 Bonds.

In addition to the Series 2023 Lease Payments, under the Series 2023 Lease Agreement, the City is required to pay when due the following Additional Payments: (a) all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Series 2023 Lease Agreement or in any way arising due to the transactions contemplated by the Series 2023 Lease Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the City has the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the City’s expense, to protest and contest any such taxes or assessments levied upon them and that the City has the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee; (b) all reasonable fees, charges and expenses of the Trustee for services rendered under the Series 2023 Indenture as and when the same become due and payable; (c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Series 2023 Site and Facility Lease, the Series 2023 Lease Agreement or the Series 2023 Indenture; (d) the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Series 2023 Site and Facility Lease, the Series 2023 Lease Agreement or the Series 2023 Indenture or the Series 2023 Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Series 2023 Bonds or in connection with any litigation, investigation or other proceeding

which may at any time be instituted involving the Series 2023 Site and Facility Lease, the Series 2023 Lease Agreement or the Series 2023 Indenture or the Series 2023 Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the City, its properties, assets or operations or otherwise in connection with the administration of the Series 2023 Site and Facility Lease, the Series 2023 Lease Agreement or the Series 2023 Indenture; and (e) any amounts due and payable by the City as arbitrage rebate under Section 148 of the Code with respect to the Series 2023 Bonds, pursuant to City's covenants and agreements with respect thereto in the Series 2023 Indenture and Series 2023 Lease Agreement.

Pursuant to the Series 2023 Lease Agreement, the City covenants to take such action as may be necessary to include all Series 2023 Lease Payments due thereunder in each of its budgets during the term of the Series 2023 Lease Agreement and to make annual appropriations therefor. As provided in the Series 2023 Lease Agreement, the covenants of the City thereunder are duties imposed by law, and it is the duty of each and every public official of the City to take such action and to do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in the Series 2023 Lease Agreement agreed to be carried out and performed by the City.

California law requires, and the Series 2023 Lease Agreement provides, that the Series 2023 Lease Payments are required to be abated in whole or in part during any period in which there is substantial interference with the use and occupancy of the Series 2023 Property by the City due to damage, destruction or taking in eminent domain proceedings. Under these circumstances, failure to make any Series 2023 Lease Payment will not be an event of default under the Series 2023 Lease Agreement. See “—Abatement” below.

Series 2023 Lease Payments made by the City to the Authority are payable from any moneys lawfully available to the City therefor. The Series 2023 Lease Agreement and Series 2023 Indenture require that the Series 2023 Lease Payments be deposited in the Series 2023 Revenue Fund maintained by the Trustee, which fund is held for the benefit of the owners of the Series 2023 Bonds.

No Reserve Account

A debt service reserve account will not be established for the Series 2023 Bonds.

Addition, Deletion or Substitution of Property Constituting the Sites or the Project

The Series 2023 Lease Agreement provides that the City and the Authority may add any real property to, substitute any real property for, or delete any real property from the Series 2023 Property, subject to satisfaction of the requirements of the Series 2023 Lease Agreement. The Series 2023 Lease Agreement specifies a number of conditions which must be met prior to such addition, substitution or deletion.

See APPENDIX C—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT—Assignment, Leasing and Amendment.”

Insurance and Condemnation Awards

Any Net Proceeds of insurance against accident to or destruction of the Series 2023 Property collected by the City in the event of any such accident or destruction are required to be paid to the Trustee by the City pursuant to the Series 2023 Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund. If the City fails to determine and notify the Trustee in writing of its determination, within 45 days following the date of such deposit, to replace, repair, restore, modify or improve the Series 2023 Property, then such Net Proceeds are required to be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Series 2023 Bonds. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund are required to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Series

2023 Property by the City, as agent for the Authority. Any balance of the proceeds remaining after such work has been completed as certified by the City to the Trustee is required to be remitted by the Trustee to the City.

If all or any part of the Series 2023 Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom are required to be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Series 2023 Lease Agreement and applied and disbursed by the Trustee as follows: (i) if the City has not given written notice to the Trustee, within 45 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Series 2023 Property or such portion thereof, the Trustee is required to transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds; or (ii) if the City has given written notice to the Trustee, within 45 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Series 2023 Property or such portion thereof, the Trustee is required to pay to the City from said proceeds such amounts as the City may expend for such replacement as agent for the Authority.

No assurance can be given that the proceeds of any insurance or condemnation award will be sufficient under all circumstances to repair or replace any damaged or taken Series 2023 Property or to prepay all Series 2023 Lease Payments with respect to the Series 2023 Property. Also, the City makes no representation as to the sufficiency of any insurance awards or the adequacy of any self-insurance to pay, when and as due, amounts payable under the Series 2023 Lease Agreement.

Abatement

The Series 2023 Lease Agreement provides for the abatement of the Series 2023 Lease Payments during any period in which by reason of damage to or destruction of the Series 2023 Property (other than by eminent domain which may also cause abatement of the Series 2023 Lease Payments as described below), there is substantial interference with the use and occupancy by the City of the Series 2023 Property or any portion thereof. The amount of such abatement will be an amount agreed upon by the City and the Authority such that the resulting Series 2023 Lease Payments represent fair consideration for the use and occupancy of the portions of the Series 2023 Property not damaged or destroyed and available for use and possession by the City. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Series 2023 Property is available for use and possession by the City. In the event of any such damage or destruction, the Series 2023 Lease Agreement will continue in full force and effect and the City waives any right to terminate the Series 2023 Lease Agreement by virtue of any such damage and destruction. There will be no abatement of the Series 2023 Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Series 2023 Revenue Fund to pay the amount which would otherwise be abated.

If all of the Series 2023 Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Series 2023 Lease Agreement will cease with respect to the Series 2023 Property as of the day possession is so taken. If less than all of the Series 2023 Property is taken permanently, or if all of the Series 2023 Property or any part thereof is taken temporarily under the power of eminent domain: (i) the Series 2023 Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary; and (ii) there will be a partial abatement of Series 2023 Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Series 2023 Lease Payments for the Series 2023 Property represent fair consideration for the use and occupancy of the remaining usable portion of the Series 2023 Property.

Insurance

Public Liability and Property Damage Insurance. The City is required under the Series 2023 Lease Agreement to procure and maintain or cause to be procured and maintained, throughout the term of the Series 2023 Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Authority, the City, and their respective Board members, Council members, officers, agents, employees and assigns. Said policy or policies will provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Series 2023 Property. Said policy or policies will provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$250,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Series 2023 Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such insurance will be applied toward extinguishment or satisfaction of the liability with respect to which they are paid.

Fire and Extended Coverage Insurance. The City is required under the Series 2023 Lease Agreement to procure and maintain or cause to be procured and maintained, throughout the term of the Series 2023 Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Series 2023 Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount at least equal to the lesser of: (a) 100% of the replacement cost of all of the insured improvements; or (b) the aggregate principal amount of the outstanding Series 2023 Bonds. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided however, that such insurance may not be maintained by the City in the form of self-insurance. The net proceeds of such insurance will be applied as provided under the caption “—Insurance and Condemnation Awards” above.

Rental Interruption Insurance. The Series 2023 Lease Agreement requires the City to procure and maintain or cause to be procured and maintained rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Series 2023 Property as a result of certain hazards, in an amount at least equal to the maximum Series 2023 Lease Payments coming due and payable during any future 24-month period. Such insurance may be maintained as part of or in conjunction with any other property insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance except for a time element deductible not to exceed 60 days in duration. The proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Series 2023 Revenue Fund, and will be credited towards the payment of the Series 2023 Lease Payments as the same become due and payable.

Title Insurance. The City is required to obtain upon the execution and delivery of the Series 2023 Lease Agreement a CLTA policy of title insurance on the related Series 2023 Property, in an amount not less than the aggregate initial principal amount of related Series 2023 Bonds issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance are required to be delivered to the Trustee as a prepayment of rent under the Series 2023 Lease Agreement and are required to be applied by the Trustee to the redemption of the Series 2023 Bonds.

No Additional Bonds

Pursuant to the Series 2023 Indenture, the Authority may not issue additional bonds, notes or other indebtedness which would be payable out of the Series 2023 Revenues in whole or in part.

However, the Series 2023 Lease Agreement does not prohibit the City from incurring additional obligations secured by its General Fund. In that regard, the City from time to time incurs various General Fund obligations to finance public improvements, which may also include lease obligations payable from its General Fund. See “CITY FINANCIAL INFORMATION—Outstanding Obligations” for information with respect to currently outstanding General Fund obligations.

THE AUTHORITY

The Authority is a joint exercise of powers entity that is duly organized pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the “**Act**”), and a joint exercise of powers agreement, dated as of December 8, 2015 (the “**Agreement**”), by and between the City and the Housing Authority. The Authority is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including its members, and to provide financing for public capital improvements of public entities, including its members. The Authority is governed by a board of directors comprised of three members, which are the City Manager, the City Treasurer and the Director of Financial Management of the City.

Except as provided by the Series 2023 Indenture, the Authority has no liability to the Owners or Beneficial Owners of the Series 2023 Bonds and has pledged none of its moneys, funds or assets toward the payment of any amount due in connection with the Series 2023 Bonds. The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2023 Bonds and the Authority will not provide any such information.

THE CITY OF LONG BEACH

The City is a municipal corporation and chartered city of the State and encompasses approximately 52 square miles of coastal area located on the southern edge of Los Angeles County (the “**County**”). With an estimated 2022 population of approximately 461,000, the City is the second largest city in the County and the seventh largest city in the State by population. The center of the City is 22 miles south of downtown Los Angeles and 110 miles north of downtown San Diego. The City has long been a major industrial center and popular beach resort area.

The City provides a full range of municipal services, including police and fire protection, emergency medical services, construction and maintenance of streets, parks, libraries, health and human services (including housing), water, natural gas and sewer services, recreation and community services and arts, cultural and social programs. The City owns the Port of Long Beach, which is operated by the Harbor Department of the City. The Port covers approximately 11.9 square miles, of which approximately 6.9 square miles are water, and includes all harbor facilities of the City. The Port has approximately 31.5 miles of waterfront with 65 deep-water cargo berths. The City also owns and operates the Long Beach Airport, which provides commercial airline service through a number of carriers, primarily Southwest Airlines.

For general, economic and demographic information about the City, see APPENDIX A—“GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF LONG BEACH.”

CITY FINANCIAL INFORMATION

General

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles and the standards established by the Governmental Accounting Standards Board (“**GASB**”). Accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. Operations of each fund are accounted for by providing a separate set of self-balancing accounts, which include its assets, deferred outflows, liabilities, deferred inflows, reserves, fund balances, revenues and expenditures.

The modified accrual basis of accounting is followed for the General Fund, Special Revenue Funds, Capital Project Funds, Expendable Trust and Custodial Funds. Under this method, expenditures (other than interest on long-term debt) are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they became measurable and available. The City considers the term “available” to mean collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. The accrual basis of accounting is utilized for all Enterprise and Internal Service Funds.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. The Series 2023 Lease Payments will be paid from any legally available funds of the City.

The City employs the encumbrance method of accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of applicable appropriations. Such commitments are provided for during the annual budget process as carried-over commitments.

Budgetary Process

The City’s Charter governs the budget development process and deadlines. Per the Charter, the City Council adopts an annual budget for all funds prior to the start of the new fiscal year, which begins on October 1. Based upon the City Council’s priorities and community feedback received during the budget development process, the City Manager submits a proposed budget to the Mayor on or before July 3. The Mayor then presents the City Manager’s proposed budget with any additional recommendations to the City Council on or before August 2, after which public budget workshops and hearings are conducted with the City Council during which further amendments can be made. If the City Council does not adopt a budget before September 15, the City Manager’s budget as proposed becomes the budget for the new fiscal year.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various funds. The City Council may amend the budget by motion during the fiscal year. In the past, the City Council has amended the budget, if necessary, on a periodic basis. The City Manager may transfer appropriations within departments, within a given fund, without City Council approval; provided that the total appropriation at the fund level and at the department level does not change. Transfers of appropriations between funds or between departments require City Council approval. Appropriations lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. However unspent appropriations in all-year funds and subfunds roll over into subsequent fiscal years until they are exhausted.

The City’s budgetary process may be affected by the fiscal condition of the State. See “—Financial Condition of the City” below.

COVID-19

General. The COVID-19 pandemic resulted in increased costs and challenges to the public health system in and around the City, cancellations of public events and disruption of the regional and local economy. The pandemic, and local, state and federal actions in response thereto, had a significant impact on the City’s

operations and finances in the fiscal years of the City ending September 30 (each, a “**Fiscal Year**”), 2020 and 2021. The state of emergency associated with the pandemic ended in the City and State on February 21, 2023 and February 28, 2023, respectively, and is currently scheduled to end on May 11, 2023 at the federal level. Most other restrictions on personal and commercial activities in response to the COVID-19 pandemic have also been eased or repealed, although there can be no assurances that restrictions will not be re-imposed if increasing infections and hospitalization rates attributed to the COVID variants occur in the future.

On March 27, 2020, then-President Trump signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the “**CARES Act**”), under which the City received an allocation of \$40.3 million in Fiscal Year 2019-20. The City used the allocation in Fiscal Year 2019-20 for public safety efforts to combat the spread of COVID-19.

On March 11, 2021, the President signed the \$1.9 trillion American Rescue Plan Act of 2021 (“**ARPA**”), under which the City received an allocation of \$135.8 million in installments in 2021 and 2022. ARPA funds can be used to cover costs associated with specific current City services (e.g., provision of police and other public safety services) up to the amount of the City’s calculated revenue loss due to the pandemic. Approximately \$14.5 million of the City’s ARPA allocation was budgeted to be applied to balance the City’s Fiscal Year 2021-22 General Fund budget. However, as discussed under “—Financial Condition of the City,” such funds were not ultimately needed because the General Fund achieved a surplus as a result of better than expected revenue generation in Fiscal Year 2021-22. With the majority of ARPA funding covering costs of current City services, existing General Fund moneys were used to provide most of the funding for the Long Beach Recovery Act programs described below. Other funding sources generally consist of other federal and State grants.

The City also submitted approximately \$46.1 million in COVID-19 related expenditure reimbursement requests to the Federal Emergency Management Agency (“**FEMA**”) for Fiscal Years 2019-20, 2020-21 and 2021-22. The City has received \$5.6 million in reimbursements to date from FEMA and additional reimbursement requests continue to be submitted to FEMA.

Long Beach Recovery Act. In March 2021, the City Council approved the Long Beach Recovery Act (the “**Recovery Act**”) to address pandemic recovery. The Recovery Act originally allocated \$268.5 million (subsequently increased to \$292.2 million) for major economic, public health and fiscal initiatives for City residents, business owners and workers critically impacted by the COVID-19 pandemic. The table below shows the currently expected sources and uses for the Recovery Act, which have been and will be expended over multiple Fiscal Years. The City anticipates that the sources and uses will change over time, as additional funds may become available and the City Council continues to consider the appropriate allocation of funds as circumstances related to the pandemic evolve over time.

LONG BEACH RECOVERY ACT **Sources and Uses of Funding**

<i>Funding Source</i>	<i>Total Program Allocation (in millions of dollars)</i>
General Fund ⁽¹⁾	\$125.8
General Fund ⁽²⁾	4.1
ARPA Direct Relief Grants ⁽³⁾	10.0
Airport Rescue Grants ⁽⁴⁾	15.1
CDC Public Health Workforce Development Grant	2.8
ELC Schools Re-Opening Safety Grant	0.7
Emergency Rental Assistance Program (“ERAP”) – Round 1	30.2
ERAP – Round 2	34.1
ERAP – Reallocation Funds	13.0
Epidemiology and Laboratory Capacity Grant	26.8
Health Disparities Grant	7.7
HUD Home-ARPA (Homelessness)	10.2
Long Beach Community Foundation – Ballmer Group Grant	0.1
Long Beach Community Foundation – Knight Donor Grant	0.2
Vaccination Grant	5.1
Youth Workforce Development Grant	6.3
Total Funding Sources	\$292.2

⁽¹⁾ Funds made available due to funding from ARPA covering existing City services.

⁽²⁾ Funds made available due to funding from CARES Act covering existing City services, Police Department savings and other sources.

⁽³⁾ Reflects the portion of Recovery Act programs funded directly by ARPA. The remaining portion of ARPA funding will be used to support existing City services.

⁽⁴⁾ Airport Rescue Grants are funded by ARPA as a direct allocation to the City’s Airport Department. These funds are in addition to the City’s direct allocation of ARPA funds.

Source: City of Long Beach.

The following is a description of the three categories of uses identified in the Recovery Plan.

Economic Recovery. The Economic Recovery category focuses resources on residents and businesses most impacted by the pandemic and on relaunching business sectors hardest hit by the pandemic to promote an effective and inclusive economic recovery that strengthens revenue generation and leverages consumer spending to stimulate lasting economic growth.

Healthy and Safe Community. The Healthy and Safe Community category focuses on addressing the underlying social determinants of health and prioritizing basic needs and the mental and physical health of community members most adversely impacted by the pandemic.

Securing Our City’s Future. The Securing Our City’s Future category focuses on utilizing significant funds to restore City services that otherwise would not likely have been maintained due to projected budgetary shortfalls in Fiscal Years 2019-20 through 2022-23 and to recover revenue that was lost due to the pandemic.

The City believes that the Recovery Act addresses short term financial pressures which were exacerbated by the COVID-19 pandemic and provides time for the City to address projected future operating budget shortfalls. In total, \$56.65 million has been utilized under the Recovery Act to address budget shortfalls and revenue loss.

The City cannot predict future events relating to the pandemic. There can be no assurance that COVID-19 will not materially adversely impact the City’s financial condition in the future.

Financial Condition of the City

Fiscal Year 2021-22 Results. On February 7, 2023, the City Manager issued a Year-End Performance report that detailed the final status of the City's General Fund for Fiscal Year 2021-22. Although the City's Fiscal Year 2021-22 General Fund budget assumed a shortfall of \$30 million, the General Fund achieved a final Fiscal Year 2021-22 shortfall of \$11.5 million, which will be covered by applying Recovery Act funds as planned and by applying ARPA funding to pay for eligible City services up to the amount of the City's calculated revenue loss due to the pandemic. The final shortfall was also better than the mid-year Fiscal Year 2021-22 projections due to several factors that had a positive impact on revenues and expenditures. With respect to revenue, certain revenue streams (including in particular sales and use taxes, utility users taxes and property taxes) performed better than originally budgeted, and these gains helped mitigate the severity of the overall pandemic-influenced reductions in revenues that were projected at the beginning of Fiscal Year 2021-22. With respect to expenditures, significant savings were realized primarily due to unfilled positions citywide.

The adopted Fiscal Year 2021-22 budget assumed a favorable outcome in litigation challenging the Measure M transfer. The City did not prevail. See “—Recent Voter-Approved Measures—Measure M.” As a result of the foregoing, approximately \$9 million in annual General Fund revenues attributable to Measure M was not received in Fiscal Year 2021-22. Approximately \$9 million in Recovery Act funds were applied to cover the loss.

Fiscal Year 2022-23 Budget. The City Council adopted the Fiscal Year 2022-23 Budget (the “**Adopted Fiscal Year 2022-23 Budget**”) on September 6, 2022. In the Adopted Fiscal Year 2022-23 Budget, the City projected Fiscal Year 2022-23 General Fund revenues plus transfers in at \$633.1 million and Fiscal Year 2022-23 General Fund expenditures plus transfers out at \$683.5 million, including \$35.0 million of nonrecurring capital improvement expenditures, which left an unaddressed structural projected operating deficit of \$15.4 million. This deficit was more than accommodated by applying: (i) \$8.5 million in reserves previously set aside to mitigate the revenue loss related to the Measure M litigation; and (ii) \$12 million in one-time funds made available through the Recovery Act. The City did not have to make service reductions due to the Recovery Act covering the projected shortfall on a one-time basis. See also the caption “—Employer/Employee Relations” for a discussion of vacancies in budgeted employment positions, which will result in General Fund savings in Fiscal Year 2022-23. When the timeframe to use Recovery Act funds eventually comes to an end, the City will reassess the structural balance of the General Fund and budget reductions may need to be undertaken to cover projected deficits at that time.

March 2023 Fiscal Outlook. A preliminary outlook for the General Fund in Fiscal Year 2023-24 presented to the Mayor and City Council on March 7, 2023 projects only a \$6 million shortfall (less than 1% of General Fund expenditures plus transfers out), which can be easily absorbed by remaining Recovery Act funds. For Fiscal Years 2024-25, 2025-26 and 2026-27, the currently projected cumulative operating deficits rise to \$14.4 million, \$25.0 million and \$33.8 million, respectively. Beginning in Fiscal Year 2027-28, the General Fund will receive about \$30 million of new revenue each year from the Measure A transactions and use tax (as discussed under the caption “—Recent Voter-Approved Measures—Measure A”), as the County's 0.25% transactions and use tax devoted to addressing homelessness will expire.

Recent Voter-Approved Measures

City voters have approved several measures which positively impacted the City's financial condition.

Measure A. On June 7, 2016, voters in the City approved Measure A, which provides for the imposition of an additional transactions and use (sales) tax for a ten-year period commencing January 1, 2017. In March 2020, voters extended the additional sales tax permanently. As a result of the March 2020 ballot measure, the Measure A tax rate was 1% through the first quarter of Fiscal Year 2022-23, is 0.75% in the last three quarters of Fiscal Year 2022-23 through the end of Fiscal Year 2026-27 and will once again be 1% in Fiscal Year 2027-28 and thereafter. Measure A requires a five-member citizens' advisory committee to review the City's use of

the funds and ensure conformance with the voters' directive. Measure A also requires annual audits of expenditures. Measure A generated General Fund revenues of approximately \$66.4 million in Fiscal Year 2018-19, \$62.2 million in Fiscal Year 2019-20, \$73.5 million in Fiscal Year 2020-21 and \$86.0 million in Fiscal Year 2021-22. Beginning in Fiscal Year 2027-28, the General Fund will receive about \$30 million of additional revenue each year from the permanent Measure A extension which would not have been received had the Measure A tax rate remained at 0.75%.

Measure B (2016). On June 7, 2016, voters in the City also approved Measure B, which amended the Long Beach Municipal Code to establish a Budget Stabilization Fund. The Budget Stabilization Fund is required to be used to pay for future City operations and services that might otherwise be reduced in scope, suspended or eliminated due to unanticipated shortfalls in General Fund revenues, whether caused by economic recession or other financial hardship of the City. Pursuant to Measure B, the Budget Stabilization Fund receives automatic deposits/transfers of 1% of any new general tax revenues generated each year, commencing with Fiscal Year 2017-18. This includes revenues from Measure A (described above). Up to 50% of available amounts in the Budget Stabilization Fund could be expended by the City Council in any single Fiscal Year if the City Council declares a fiscal hardship requiring the use of such resources to maintain current levels of City services and programs. Measure B defines "fiscal hardship" as a projection by the City Manager in the proposed budget for any Fiscal Year that slow growth or a decrease in General Fund revenues will result in a 2% or greater reduction in funding for general City services, as compared to the prior Fiscal Year's base budget required to maintain those services.

Under Measure B, if expenditures are made from the Budget Stabilization Fund in three consecutive Fiscal Years, the City Council must consider alternative revenue sources or permanent reductions in general City services for future Fiscal Years and cannot make any expenditures from the Budget Stabilization Fund for at least one Fiscal Year. In addition, only half of the Budget Stabilization Fund can be used in any single Fiscal Year. At no time may the amount in the Budget Stabilization Fund exceed 5% of the City's General Fund revenues, as forecast in the adopted budget for a subsequent Fiscal Year. Measure B also includes mechanisms to establish and suspend automatic transfers to the Budget Stabilization Fund based on revenue forecasts.

As of September 30, 2022, there was \$3,623,595 in the Budget Stabilization Fund.

Measure MA. On November 8, 2016, voters in the City approved Measure MA, which imposed a tax on gross receipts of 6-8% for medical marijuana dispensaries, 10-12% for non-medical dispensaries and 6-8% percent on marijuana manufacturers, and a tax of \$12 to \$15 per square foot for marijuana cultivation. In Fiscal Years 2020-21 and 2021-22, Measure MA generated approximately \$12.1 million and \$13.1 million, respectively. Measure MA is budgeted to generate approximately \$12 million in Fiscal Year 2022-23. Recently, the City Council asked City staff to study the feasibility of eliminating the tax on cannabis cultivation, which would reduce General Fund revenues from that source by approximately \$1.0 million annually.

Measure M. In June 2018, voters in the City approved Measure M by a simple majority. Measure M amended the City Charter to authorize the City to continue to transfer revenue from its water, sewer and natural gas utilities to the General Fund in an amount not to exceed 12% of each utility's annual gross revenue. On October 22, 2018, certain plaintiffs filed a lawsuit (the "**Measure M Litigation**") against the City alleging, among other things that, pursuant to Proposition 218 (which is discussed under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Proposition 218"), passage of Measure M required the approval of two-thirds of the voters voting in the June 2018 election, rather than a simple majority. The Superior Court ruled in favor of the plaintiffs and found that the transfer of water and sewer revenues pursuant to Measure M was invalid.

In March 2022, the California Supreme Court declined to take up the City's appeal of the Superior Court ruling on the Measure M transfers from the Water Fund to the General Fund. As a result, during Fiscal Year 2021-22, the General Fund repaid \$30.8 million to the Water Fund. In addition, the General Fund did not receive the approximately \$9 million Measure M transfer that had been assumed in the Fiscal Year 2021-22 Budget.

The Fiscal Year 2022-23 budget similarly omits the disallowed Measure M transfer, as will all future budgets. The City does not expect that the adverse result in the Measure M litigation, and the ongoing loss of Measure M transfers into the General Fund from the Water Fund, will materially adversely impact its ability to make lease payments on the Series 2023 Bonds.

Measure B (2020). On March 3, 2020, voters in the City approved Measure B, which increased the City’s transient occupancy tax from 6% to 7%. Measure B generated additional General Fund revenues of approximately \$[2.05] million in Fiscal Year 2021-22 (taking into account the general decrease in hotel utilization as a result of the COVID-19 pandemic) and is budgeted to generate \$[2.16] million in Fiscal Year 2022-23.

Measure US. On November 3, 2020, voters in the City approved Measure US, which increased the City’s general-purpose oil production tax from \$0.15 to up to \$0.30 per barrel. The City Council adopted a policy which prioritizes the use of Measure US revenue for children and youth services, community health and climate change responses. Measure US generated additional General Fund revenues of approximately \$[1.3] million in Fiscal Year 2021-22 and is budgeted to generate \$[1.24] million in Fiscal Year 2022-23.

Financial Statements

The summaries of General Fund finances below were developed from City records. Certain information such as Fund Balances, Revenues, Expenditures and Transfers of Tax Supported Funds and the Tax Supported Fund cash flow analysis were developed by City staff for use in this Official Statement.

The City adopts and maintains a balanced budget each Fiscal Year in accordance with State law. See “—Budgetary Process” above. Certain recurring revenues received by the City and savings accrued as a result of the City’s fiscal management are reserved in the General Fund. The City uses certain of its special revenue funds to pay some of its general expenditures where permitted by law.

The following tables reflect transactions and balances in the City’s General Fund. Table 1 provides a statement of revenues, expenditures and changes in fund balances. This table is an excerpt from the City’s audited financial statements and may not include all relevant information. A complete compilation of the City’s financial statements, which is set forth in APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022,” including the footnotes thereto, is necessary in order to make an informed investment decision. Table 2 presents a summary of: (i) the City’s actual results for Fiscal Years 2020-21 and 2021-22; and (ii) the City’s current year-end projections for the General Fund for Fiscal Year 2022-23.

TABLE 1
CITY OF LONG BEACH
General Fund Revenues and Expenditures
(in thousands)

	<i>Fiscal Year Ended September 30</i>				
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
REVENUES					
Property Taxes	\$ 157,906	\$ 176,720	\$ 181,700	\$ 200,359	\$ 204,899
Other Taxes ⁽¹⁾	205,942	207,535	189,650	217,399	255,960
Franchise Fees	20,308	18,126	16,481	23,734	20,813
Licenses and Permits	18,501	27,869	35,615	36,550	42,376
Fines and Forfeitures	15,946	17,674	16,354	14,395	17,670
Use of Money & Property	35,470	39,489	32,175	30,001	24,867
From Other Agencies	5,723	6,493	4,564	8,482	7,883
Charges for Services	38,797	43,156	42,094	39,646	46,217
Other	7,749	12,798	3,100	5,391	1,386
Total Revenues	\$ 506,342	\$ 549,860	\$ 521,733	\$ 575,957	\$ 622,071
EXPENDITURES CURRENT					
Legislative and Legal	\$ 13,378	\$ 13,458	\$ 13,108	\$ 16,537	\$ 17,124
General Government	23,521	37,135	27,363	34,860	35,007
Public Safety	341,050	365,572	353,513	408,803	392,868
Public Health	8,464	9,006	9,612	19,885	15,051
Community & Cultural	46,607	49,862	45,052	53,645	57,045
Public Works	41,975	49,797	47,891	58,535	61,622
Oil Operations	2,945	2,774	2,572	2,446	2,979
Total Current Expenditures	\$ 477,940	\$ 527,604	\$ 499,111	\$ 594,711	\$ 581,696
Capital Improvements		12,081	347	24,765	116
DEBT SERVICE⁽²⁾					
Principal	80	383	425	1,436	1,446
Interest	--	56	52	42	11
Fiscal Agent Fees	9	12	10	9	16
Costs of New Bonds	--	--	--	--	--
Total Expenditures	\$ 478,029	\$ 540,136	\$ 499,945	\$ 620,963	\$ 583,285
Excess of Revenues Over (Under) Expenditures	28,313	9,724	21,788	(45,006)	38,786
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Asset	-	-	8,038	713	1,180
Debt Issuance	-	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-
Operating Transfers In	57,689	51,148	71,663	170,669	77,638
Operating Transfers Out	(53,026)	(70,723)	(92,065)	(89,625)	(59,435)
Total Other Financing Sources (Uses)	\$ 4,663	\$ (19,575)	\$ (12,364)	\$ 81,757	\$ 19,383
Net Change In Fund Balances	32,976	(9,851)	9,424	36,751	58,169
Fund Balance - October 1	103,381	136,357	126,506	135,930	172,681
Fund Balance - September 30	\$ 136,357	\$ 126,506	\$ 135,930	\$ 172,681	\$ 230,850

⁽¹⁾ Includes sales and use tax, utility users tax, other taxes and property tax in lieu of sales and use tax.

⁽²⁾ As part of the implementation of Governmental Accounting Standards Board Statement No. 54, debt service payments were transferred from General Fund to a newly created General Debt Service Fund.

Source: City of Long Beach – Annual Comprehensive Financial Reports.

TABLE 2
CITY OF LONG BEACH
General Fund Budget Summary
Fiscal Year Ended September 30

	<i>Actual</i> <i>2021</i>	<i>Actual</i> <i>2022</i>	<i>Projected</i> <i>2023⁽¹⁾</i>
Revenues:			
Revenues:			
Property Taxes	\$ 200,358,879	\$ 204,898,893	\$ 212,777,748
Sales and Use Taxes	148,448,672	171,190,790	149,512,864
Other Taxes	30,404,632	44,419,519	39,544,950
Utility Users Tax	38,546,021	40,349,560	38,076,187
Franchise Fees	23,733,667	20,812,555	22,351,089
Licenses, Permits and Fees	36,549,802	42,376,202	35,378,967
Fines and Forfeitures	14,395,486	17,669,878	16,257,285
Use of Money & Property	30,000,554	24,867,637	21,890,408
Revenue from Other Agencies	8,482,034	7,882,949	7,118,641
Charges for Services	20,535,031	23,406,435	28,850,084
Other Revenues	6,104,472	1,385,601	4,072,302
Intrafund Services	2,212,169	2,041,301	4,638,370
Intrafund Transfers	-	-	-
Interfund Services	16,898,395	20,769,476	16,459,341
Interfund Transfers	170,669,000	77,637,543	24,354,830
Other Financing Sources	-	1,180,181	-
Release of Reservations/Adjustments	-	-	(67,477,524)
Carryover Revenue Budget	-	-	-
Total Resources/Sources	<u>\$ 747,338,814</u>	<u>\$ 700,888,520</u>	<u>\$ 553,805,542</u>
Uses:			
Expenditures:			
Salaries, Wages and Benefits	\$ 469,710,600	\$ 436,659,507	\$ 481,922,693
Materials, Supplies and Services	73,786,037	72,664,392	67,470,537
Interfund Support	49,656,098	71,406,381	71,858,852
Intrafund Support	2,212,493	2,042,730	1,730,410
Capital Purchases	25,108,000	159,695	351,111
Insurance Premiums and Losses	3,542	5,636	1,270
Other Non-Operational Expenditures	486,712	342,477	12,000
Operating Transfers	89,625,000	59,434,537	50,790,337
Intrafund Transfers Out	-	-	-
Purchase of Gas & Water	-	-	1,000
Depreciation and Non Cash Expenditures	-	-	-
Addition to Reservations/Adjustments	-	-	(97,667,492)
Carryover Expenditure Appropriation	-	-	-
Total Expenditures/Uses	<u>\$ 710,588,482</u>	<u>\$ 642,715,355</u>	<u>\$ 576,470,717</u>
Net Increase/(Decrease) in Funds Available ⁽²⁾	36,750,332	58,173,165	(22,665,175)

⁽¹⁾ Based on Fiscal Year 2022-23 adopted budget, without adjustments to reflect Fiscal Year results to date. Notwithstanding the projected \$22.67 million budget shortfall, the City currently expects to end Fiscal Year 2022-23 with higher revenues and lower expenditures than shown above. Differs from figures set forth under the caption “—Financial Condition of the City—Fiscal Year 2022-23 Budget” because the Uplands Oil Fund is not reflected. See the caption “—Oil-Related General Fund Revenues.”

⁽²⁾ In Fiscal Year 2020-21, most of the \$36.75 million surplus was earmarked for application in accordance with the Recovery Act.

Source: City of Long Beach.

Pension Plans and Post-Retirement Health Care Benefits

CalPERS. The City contributes to the California Public Employees Retirement system (“**CalPERS**”), an agent multiple-employer public employee defined-benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by state statute and City ordinance. A copy of CalPERS’ annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814 or on its Internet website at www.calpers.ca.gov. None of the information on such website is incorporated herein, nor does the City provide any assurance about the accuracy of the information on such website as a result of the textual reference thereto in this Official Statement. Since CalPERS operates on a fiscal year ending June 30, all actuarial calculations for the City’s retirement plan are made on a fiscal year basis consistent with CalPERS, which differs from the City’s September 30 fiscal year-end.

Under the terms of the contract between CalPERS and the City, all full-time employees, which include both safety (fire and police) and miscellaneous (general and management) employees, are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple-tier retirement plan with benefits varying by plan. See Note 12 – “Retirement Programs” in APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022” for additional information concerning the plan, including a summary of employee benefits.

Contribution Rates. Contribution rates are set forth in the table below. City employees are required to pay the full portion of their required employee pension contributions. Actual required payments to CalPERS will depend on a variety of factors, including investment returns and changes in actuarial assumptions.

The following tables show the City's contribution rates, as determined by CalPERS.

**TABLE 3
CITY OF LONG BEACH
CalPERS Contribution Rates**

Safety Plan of the City of Long Beach

<i>Fiscal Year</i>	<i>Employer Normal Cost</i>	<i>Unfunded Liability Payment</i>
2017-18	19.001%	\$20,702,786
2018-19	19.726	27,794,447
2019-20	20.338	34,854,451
2021-21	21.622	38,643,146
2021-22	20.820	43,228,316
2022-23	20.270	48,791,595
2023-24	22.470	40,220,870

Miscellaneous Plan of the City of Long Beach

<i>Fiscal Year</i>	<i>Employer Normal Cost</i>	<i>Unfunded Liability Payment</i>
2017-18	9.344%	\$31,752,031
2018-19	9.748	39,468,651
2019-20	10.214	49,796,572
2020-21	10.736	50,240,149
2021-22	10.250	54,721,299
2022-23	9.930	58,557,379
2023-24	11.500	50,532,666

Source: CalPERS Actuarial Reports.

Actuarially Determined Contributions. The following table shows actuarially determined contributions to the City's CalPERS plans. See Note 12 – "Retirement Programs" and the Required Supplementary Information in APPENDIX B—"ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022."

TABLE 4
CITY OF LONG BEACH
CalPERS Actuarially Determined Contribution
(in thousands)

<i>Fiscal Year</i>	<i>Miscellaneous Actuarially Determined Contribution⁽¹⁾</i>	<i>Safety Actuarially Determined Contribution⁽¹⁾</i>	<i>Total Actuarially Determined Contribution⁽¹⁾</i>	<i>Percentage Contribution</i>
2018	\$ 53,278	\$ 46,437	\$ 99,715	100%
2019	62,483	55,248	117,731	100
2020	71,565	64,654	136,219	100
2021	78,158	71,008	149,166	100
2022	81,488	71,361	152,849	100

⁽¹⁾ Does not include debt service on the City's pension obligation bonds, which matured in 2021.
Source: City of Long Beach, California Annual Comprehensive Financial Reports.

Funded Status and Funding Progress. The following table shows the City's historical funding progress.

TABLE 5
CITY OF LONG BEACH
Funding Status of Retirement Plans
(in thousands)

Miscellaneous Employees

<i>June 30 Actuarial Valuation Date</i>	<i>Market Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a % of Covered Payroll</i>
2017	\$1,932,183	\$2,527,614	\$595,430	76.4%	\$235,744	252.5%
2018	2,031,938	2,682,271	650,334	75.8	241,425	269.4
2019	2,105,967	2,770,769	664,803	76.0	248,103	267.9
2020	2,146,992	2,849,716	702,725	75.3	258,624	271.7
2021	2,577,090	2,972,266	395,175	86.7	259,878	152.1

Safety Employees

<i>June 30 Actuarial Valuation Date</i>	<i>Market Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a % of Covered Payroll</i>
2017	\$1,944,346	\$2,408,676	\$464,330	80.7%	\$132,806	349.6%
2018	2,049,676	2,579,277	529,600	79.5	137,472	385.2
2019	2,127,317	2,673,259	545,941	79.6	144,512	377.7
2020	2,172,338	2,775,385	603,047	78.3	152,063	396.6
2021	2,612,433	2,898,635	286,202	90.1	150,233	190.5

Source: CalPERS Actuarial Reports.

GASB 68. On June 25, 2012, GASB approved two new standards with respect to pension accounting and financial reporting for state and local government pension plans. GASB Statement No. 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards changed financial statement reporting requirements, they do not impact funding policies of the pension systems. The Annual Comprehensive Financial Report of the City for the Fiscal Year Ended September 30, 2022 reflects implementation of the GASB requirements, and includes recognition of a net pension liability of approximately \$1.3 billion. See APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022.”

Post-Retirement Health Care Benefits. Full-time City employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested; however, under the provisions of the City’s Personnel Ordinance, upon retirement the City allows retirees, their spouses and eligible dependents to use the cash value of the retiring employee’s accumulated unused sick leave to pay for health, dental, vision and long-term care insurance premiums under the City’s Retired Employees Health Insurance Program. Once the cash value of the retired employee’s unused sick leave is exhausted, the retiree can terminate coverage or elect to continue paying premiums at the retiree’s expense, which includes the option of deducting monthly premiums from the retiree’s CalPERS pension warrant.

Termination Benefits. As of September 30, 2022, the City recorded a liability for accrued vacation and sick leave in the government-wide financial statements of approximately \$227.5 million. These liabilities are being funded over time through burden rates, applied as a percentage of current productive salaries and charged to the various City funds.

Other Post-employment Benefits. The ability to participate in the City’s Other Post-employment Benefits (“OPEB”) plan by self-paying the premiums extends for the lifetime of the retiree. However, upon attaining the age of Medicare eligibility, the retiree may enter a plan coordinated by Medicare. The City is required to pay for OPEB benefits for a retiree only to the extent that such retiree has not yet reached eligibility age for Medicare payments and only up to the point at which the value of the retiree’s unused sick leave has been exhausted.

Standard actuarial practice assumes that Medicare supplemental plans do not generally give rise to an implicit subsidy, and while the City has included Medicare eligible retirees in this valuation, their liability under GASB Statement No. 45 and their implicit subsidy are both \$0. The City’s OPEB plan does not issue a separate financial report.

Funding Policy. The contribution requirement of OPEB plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. The City has not prefunded the OPEB plan.

Certain Financial Information Relating to OPEB. The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the actuarial assumptions and other inputs identified in the City’s audited financial report, applied to all periods included in the measurement, unless otherwise specified:

TABLE 6
CITY OF LONG BEACH
Schedule of Changes in Total OPEB Liability and Related Ratios⁽¹⁾
(in thousands)
(unaudited)

Total OPEB liability – balance at October 1, 2021	\$ 8,785
Service cost	1,492
Interest on total OPEB liability	212
Difference between expected and actual experience	-
Changes of assumptions	(3,296)
Benefit payments	<u>(3,028)</u>
Net change in total OPEB liability	<u>(4,620)</u>
Total OPEB liability – balance at September 30, 2022	<u>\$ 4,165</u>

⁽¹⁾ No assets are accumulated in a trust to pay related benefits.
Source: City of Long Beach.

See Note 2 – “Summary of Significant Accounting Policies” in APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022” for additional information about the OPEB benefits provided to the employees of the City.

Employer/Employee Relations

The Adopted Fiscal Year 2022-23 Budget includes funding for 5,866 full-time equivalent employees. However, the City notes that, as of October 1, 2022, approximately one-fifth of the City’s permanent, full-time budgeted positions were vacant. The City recognizes various employee organizations, the largest ones being the International Association of Machinists (“**IAM**”), Police Officers Association (“**POA**”) and Association of Long Beach Employees (“**ALBE**”), which collectively represent approximately 70% of all represented City employees in a variety of classifications. Most City employees are covered by negotiated agreements.

The MOUs between the City and its 12 employee associations expire on, respectively, September 30, 2025 (Safety) and September 30, 2023 (Miscellaneous). The City completed negotiations with respect to new MOUs with Safety groups in 2022 and is expected to enter into negotiations with respect to new MOUs with Miscellaneous groups in spring 2023. (The bargaining units generally do not have binding arbitration clauses related to general wage increases; however, seven bargaining units have binding arbitration for grievance procedures.) The City has not experienced a major work stoppage by City employees in the past five years.

Currently the City maintains labor contracts with 12 of 12 employee associations, which altogether represent approximately 99% of the City’s employees. Elected officials, as well as members of City Boards and Commissions remain unrepresented.

Insurance Coverage and Liability Claims

The City has adopted separate insurance programs for workers’ compensation and general liability claims. The City is self-insured for workers’ compensation and general liability for the first \$5 million per occurrence, except for law enforcement’s general liability which has \$10 million per occurrence self-insured retention. In addition, the City has excess insurance coverage up to \$150 million and \$50 million, respectively.

At September 30, 2022, the City accrued non-discounted estimates totaling \$179.7 million for workers’ compensation and general liability claims. This represents an estimate of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments.

The City has recorded a current liability of \$20.8 million and a long-term liability of \$111.8 million in the Workers' Compensation Insurance Fund. The City has recorded a current liability of \$11.8 million and a long term liability of \$35.3 million in the General Liability Insurance Fund.

The ultimate amount of losses incurred through September 30, 2022 is dependent on future developments. Based upon actuary evaluation, City's management believes that the aggregate accrual adequately represents such losses.

A summary of the City's claims activity for Fiscal Years 2020-21 through 2021-22 is as follows (in thousands):

	<i>Workers' Compensation Claims</i>	<i>General Liability Claims</i>	<i>Total</i>
Balance at September 30, 2020	\$ 136,985	\$ 43,501	\$ 180,036
Additions (Reductions)	7,511	4,434	11,946
Payments	<u>(12,416)</u>	<u>(3,180)</u>	<u>(15,596)</u>
Balance at September 30, 2021	\$ 132,080	\$ 44,305	\$ 176,385
Additions (Reductions)	11,711	14,608	25,779
Payments	<u>(11,149)</u>	<u>(11,310)</u>	<u>(22,459)</u>
Balance at September 30, 2022	\$ 132,642	\$ 47,063	\$ 179,705

Source: City of Long Beach, California Annual Comprehensive Financial Reports.

Outstanding Obligations

This section contains certain information related to the City's indebtedness. In addition to the outstanding bonds described in this section, the City has established short-term borrowing programs.

The City has no outstanding general obligation debt and has never defaulted on any principal or interest payments associated with any of its debt obligations. The City's currently outstanding indebtedness is set forth in the tables below. From Fiscal Year 2022-23 through 2026-27, the City currently expects to issue approximately \$180 million of obligations payable from the General Fund, including the Series 2023 Bonds, to finance infrastructure, including infrastructure in connection with the 2028 Olympics.

TABLE 7
CITY OF LONG BEACH
General Fund Outstanding Debt
(as of September 30, 2022)

Lease Revenue Bonds

<i>Bond Issue</i>	<i>Final Maturity</i>	<i>Original Par Amount</i>	<i>Amount Outstanding</i>
Finance Authority of Long Beach Lease Revenue Bonds Series 2019A (Parking Garage)	2039	\$ 9,245,000	\$ 8,405,000
Finance Authority of Long Beach Lease Revenue Bonds Series 2019B (Open Space Refinancing Project)	2031	13,350,000	10,485,000
Finance Authority of Long Beach Lease Revenue Bonds, Series 2016A (Courthouse Demolition Project)	2026	13,150,000	5,870,000
Finance Authority of Long Beach, Lease Revenue Bonds, Series 2016B (Rainbow Harbor Refinancing Project)	2023	19,115,000	3,020,000
Finance Authority of Long Beach Lease Revenue Bonds, Series 2022	2031	<u>41,140,000</u>	<u>36,525,000</u>
TOTAL		\$ 96,000,000	\$ 64,305,000

Source: City of Long Beach.

The table below is a summary of City debt which is not payable from the General Fund. It does not include the Civic Center Project Agreement (defined herein). See “—Civic Center Project Agreement.”

TABLE 8
CITY OF LONG BEACH
City and Related Agencies (All Other Funds)
Outstanding Debt
(as of September 30, 2022)
Revenue Bonds

<i>Bond Issue</i>	<i>Final Maturity</i>	<i>Original Par Amount</i>	<i>Amount Outstanding</i>
City of Long Beach Harbor Revenue Refunding Series 2020A (Private/Non-AMT)	2027	\$ 55,725,000	\$ 55,725,000
City of Long Beach Harbor Revenue Refunding Series 2020B (Private/AMT)	2024	74,940,000	34,165,000
City of Long Beach Harbor Revenue Refunding Series 2019A	2049	161,310,000	161,310,000
City of Long Beach Tidelands Revenue Bonds Series 2017A (Aquarium of the Pacific Project)	2027	10,190,000	7,775,000
City of Long Beach Tidelands Revenue Bonds Series 2017B (Queen Mary Improvements)	2027	17,705,000	9,540,000
City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022	2029	32,090,000	32,090,000
City of Long Beach Harbor Revenue Bonds Series 2017A (AMT)	2040	101,610,000	101,610,000
City of Long Beach Harbor Revenue Bonds Series 2017B (AMT)(Green Bonds)	2043	25,985,000	25,985,000
City of Long Beach Harbor Revenue Bonds Series 2017C (Non-AMT)	2047	42,660,000	42,660,000
City of Long Beach Senior Sewer Revenue Refunding Bonds, Series 2016A	2036	9,830,000	7,570,000
City of Long Beach Marina Revenue Bonds, Series 2015 (Alamitos Marina Project)	2045	114,015,000	106,195,000
City of Long Beach Harbor Revenue Refunding Bonds, Series 2015A (AMT)	2023	44,845,000	7,040,000
City of Long Beach Harbor Revenue Refunding Bonds, Series 2015B (Non-AMT)	2025	20,130,000	20,130,000
City of Long Beach Harbor Revenue Refunding Bonds, Series 2015C (Non-AMT)	2032	66,085,000	66,085,000
City of Long Beach Harbor Revenue Refunding Bonds, Series 2015D (AMT)	2042	66,865,000	66,865,000
City of Long Beach Harbor Revenue Refunding Bonds, Series 2014B (Non-AMT)	2027	20,570,000	11,700,000
City of Long Beach Second Lien Water Revenue Bonds, Series 2012A	2027	9,850,000	3,985,000
City of Long Beach Water Revenue Refunding Bonds, Series 2010A	2024	22,740,000	5,660,000
City of Long Beach Senior Airport Revenue Refunding Bonds, Series 2022A	2040	47,505,000	47,505,000
City of Long Beach Senior Airport Revenue Refunding Bonds, Series 2022B	2040	32,855,000	32,855,000
City of Long Beach Senior Airport Revenue Refunding Bonds, Series 2022C	2047	30,140,000	30,140,000
LBBFA Natural Gas Purchase Revenue Bonds, Series 2007A	2037	635,665,000	461,510,000
LBBFA Natural Gas Purchase Revenue Bonds, Series 2007B	2033	<u>251,695,000</u>	<u>69,005,000</u>
TOTAL		\$1,895,005,000	\$1,407,105,000

Source: City of Long Beach.

The table below is a summary of debt of the Successor Agency to the City’s now-dissolved redevelopment agency. Such debt is payable from tax increment revenues received by the Successor Agency. The City does not believe that it has received material amounts from its former redevelopment agency or the Successor Agency thereto which may be asserted to be in violation of State law, and the City is not currently engaged in any disputes with the State Department of Finance with respect to amounts received from its former redevelopment agency or the Successor Agency thereto.

Tax Allocation Revenue Bonds

<i>Bond Issue</i>	<i>Final Maturity</i>	<i>Original Par Amount</i>	<i>Amount Outstanding</i>
Successor Agency to the Redevelopment Agency of the City of Long Beach Tax Allocation Refunding Bonds, Series 2021	2039	\$ 19,765,000	\$ 18,125,000
County of Los Angeles Redevelopment Refunding Authority Series 2015A (Tax Exempt)	2040	74,375,000	74,375,000
County of Los Angeles Redevelopment Refunding Authority Series 2015B (Federally Taxable)	2028	81,445,000	39,755,000
LBBFA, Tax Allocation Revenue Bonds, Series 2005C (Downtown Long Beach Redevelopment Project Areas)	2024	7,900,000	1,575,000
LBBFA, Tax Allocation Revenue Bonds, Series 2005C (North Long Beach Redevelopment Project Areas)	2031	27,145,000	14,420,000
LBBFA, Tax Allocation Revenue Bonds, Series 2002B (West Long Beach Industrial Projects) ⁽¹⁾	2022	21,860,000	2,675,000
LBBFA, Tax Allocation Revenue Bonds, Series 2002B (Downtown Industrial Projects) ⁽¹⁾	2022	<u>25,920,000</u>	<u>5,395,000</u>
TOTAL		\$258,410,000	\$156,320,000

⁽¹⁾ These obligations were paid off in full on November 1, 2022.
Source: City of Long Beach.

The following table sets forth a schedule of the City's direct and overlapping debt as of September 30, 2022.

TABLE 9
CITY OF LONG BEACH
Direct and Overlapping Debt
September 30, 2022 (in thousands of dollars)

Fiscal Year 2021-22 Assessed Valuation: \$66,868,221

DIRECT DEBT:	Outstanding	Exclusions	Outstanding
City of Long Beach Lease Revenue Bonds	<u>\$64,305</u>	<u>\$0</u>	<u>\$64,305</u>
Total Direct Debt	\$64,305	\$0	\$64,305

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable			
Cerritos Community College District	0.413%	\$ 445,233	\$ 443,394	\$ 1,839
Coast Community College District	0.001	920,781	920,772	9
Compton Community College District	2.675	104,372	101,580	2,792
Long Beach Community College District	86.102	596,390	82,886	513,504
Los Angeles Community College District	0.042	4,600,730	4,598,798	1,932
ABC Unified School District	1.286	59,638	58,871	767
Compton Unified School District	0.023	230,206	230,153	53
Long Beach Unified School District	86.103	1,299,755	180,627	1,119,128
Los Angeles Unified School District	0.052	10,237,310	10,231,987	5,323
Paramount Unified School District	9.551	180,936	163,655	17,281
Metropolitan Water District	1.971	<u>20,175</u>	<u>19,777</u>	<u>398</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT ⁽¹⁾		\$18,695,526	\$17,032,500	\$1,663,026

OVERLAPPING GENERAL FUND OBLIGATION DEBT:				
Los Angeles County General Fund Obligations	3.774%	\$2,664,122	\$2,563,578	\$100,544
Los Angeles County Superintendent of Schools Certificates of Participation	3.774	3,403	3,275	128
Compton Unified School District Certificates of Participation	0.023	26,870	26,864	6
Los Alamitos Unified School District Certificates of Participation	0.011	34,077	34,073	4
Los Angeles Unified School District Certificates of Participation	0.052	108,570	108,514	56
Paramount Unified School District General Fund Obligations	9.551	25,050	22,657	2,393
County Sanitation District No. 1 General Fund Obligations	1.182	983	971	12
County Sanitation District No. 2 General Fund Obligations	0.185	1,518	1,515	3
County Sanitation District No. 3 General Fund Obligations	85.900	1,153	162	991
County Sanitation District No. 8 General Fund Obligations	2.645	601	585	16
County Sanitation District No. 19 General Fund Obligations	29.816	<u>273</u>	<u>191</u>	<u>82</u>
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$2,866,620	\$2,762,385	\$104,235

OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100.000%	\$155,910	\$0	\$155,910
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$21,718,056	\$19,794,885	\$1,923,171
Less: Los Angeles Unified School District				
General Obligation Bonds, supported obligations		<u>-</u>	<u>-</u>	<u>117</u>

TOTAL NET OVERLAPPING COMBINED DEBT \$21,718,056 \$19,795,002 \$1,923,054

TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT⁽²⁾ \$21,782,361 \$19,795,002 \$1,987,359

Ratios to Fiscal Year 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt (\$1,663,026)2.49%
Total Direct Debt (\$64,305)0.10%
Gross Combined Total Debt (\$1,987,476)2.97%⁽³⁾
Net Combined Total Debt (\$1,987,359)2.97%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$18,512,356):

Total Overlapping Tax Increment Debt.....0.84%

⁽¹⁾ Excludes 1915 Act and Mello-Roos Act bonds.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

⁽³⁾ Includes supported Los Angeles Unified School District General Obligation Bonds.

Source: California Municipal Statistics, Inc.

Civic Center Project Agreement

The City has entered into a contract for the construction and long-term maintenance of a new City Hall (completed), a new Port of Long Beach administrative headquarters (completed), a new Main Library facility for the City (completed), and the redevelopment of the City's Lincoln Park (completed) (collectively, the "**Civic Center Project**"). In total, the Civic Center Project and the related private and residential and commercial development is expected to include the construction of six new buildings and three new parking garages, as well as related infrastructure, street and landscaping improvements.

In connection with the Civic Center Project, the City entered into a Project Agreement, dated April 20, 2016 (the "**Civic Center Project Agreement**"), with Plenary Properties Long Beach LLC (the "**Civic Center Project Developer**"), pursuant to which the Civic Center Project Developer has constructed and delivered the majority of the Civic Center Project components and is currently operating and maintaining such completed components.

Pursuant to the Civic Center Project Agreement, the City is required to make an annual payment (the "**Civic Center Annual Payment**") to the Civic Center Project Developer after delivery of the Civic Center Project or components thereof. The Civic Center Annual Payments for Fiscal Years 2019-20, 2020-21 and 2021-22 were approximately \$16.3 million, \$17.0 million and \$[17.3] million, respectively. The Civic Center Annual Payment for Fiscal Year 2022-23 is currently projected to be approximately \$[] million. Although the entire amount is legally payable from the General Fund, the cost is expected to be shared by the various funds using the facility as has been historically done in the past. The General Fund portion of the Civic Center Annual Payment in Fiscal Year 2021-22 was approximately \$[] million ([]% of the total).

One of the two contemplated private developments is complete and currently generating property tax revenue. Upon completion of the second private development, potentially after four to five years, the net cost and General Fund costs are expected to be offset in part by an estimated total of more than \$1 million annually due to anticipated aggregate increased tax revenue from the private developments. The Civic Center Annual Payment is subject to increase annually using a formula that is 65% based on a 2.18% fixed growth rate and 35% based on an inflation index specified in the Civic Center Project Agreement. The Civic Center Annual Payment is also subject to increase under specific circumstances set forth in the Civic Center Project Agreement, including cost increases due to earthquake damage, and other unusual losses and costs.

The term of the Civic Center Project Agreement expires in November 2060. The Civic Center Project Agreement contains performance guarantees on the part of the Civic Center Project Developer as well as events of default, termination provisions and indemnification provisions. Under the Civic Center Project Agreement, in the event that the Civic Center Project Agreement is terminated (whether following an event of default on the part of the Civic Center Project Developer or of the City, or at the option of the City), the City would likely be required to make substantial payments, possibly including repayment or assumption of all or a significant portion of the outstanding debt of the Civic Center Project Developer (estimated to be in excess of \$300 million).

Assessed Valuation

City property taxes are assessed and collected at the same times and on the same tax rolls as County, school and special district taxes.

Property in the State which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax that is levied on unsecured property may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of other liens.

The exclusive means of compelling the payment of delinquent taxes with respect to secured property is the sale of the property securing the taxes for the amount of taxes that are delinquent. The taxing authority has three methods of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) obtaining a judgment lien on certain property of the taxpayer from the county clerk or county recorder; and (3) seizing and selling personal property, improvements or possessory interests belonging or taxable to the assessee.

A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1.5% per month on the amount delinquent. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes or property on the unsecured roll, and an additional penalty of 1.5% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Under State law, two types of exemptions were authorized beginning in the tax year 1969-70. The first of these exempts 50% of the assessed valuation of business inventories from taxation. The second provides an exemption of \$7,000 of the assessed valuation of an owner-occupied dwelling from which application has been made to the County Assessor. Under a recently enacted constitutional amendment, the State Legislature can raise this exemption. Revenue estimated to be lost to local taxing agencies due to such exemption is reimbursed from State sources. The reimbursement is based upon total taxes due upon these exempt values and therefore is not reduced by any amounts for estimated delinquencies.

Summarized below is certain assessed valuation and tax collection information of the City.

TABLE 10
CITY OF LONG BEACH
Assessed Valuations

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total</i>
2018-19	\$ 53,930,049,125	\$ 557,712,689	\$3,123,473,788	\$57,611,235,602
2019-20	56,854,364,278	854,097,511	3,340,681,045	61,049,142,834
2020-21	59,933,044,272	1,113,330,097	3,542,058,371	64,588,432,740
2021-22	62,330,423,028	1,150,061,390	3,387,736,357	66,868,220,775
2022-23	66,279,899,725	1,148,917,231	3,745,929,332	71,174,746,288

Source: California Municipal Statistics, Inc.

If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of its share of 1% *ad valorem* property tax revenues by the City. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS.”

Prior to 1979, properties in the County were subject to taxation at varying rates by 80 municipalities, including the City and numerous special purpose districts. Each entity would set its budget expenses and then determine, subject to certain legal limitations, the property tax rate to be levied in order to raise sufficient funds. In 1979, the California Constitution was amended by Article XIII A (“**Proposition 13**”), which provides that the maximum *ad valorem* tax on real property cannot exceed 1% of the “full cash value” of the real property as shown on the 1975-76 tax bill or the appraisal value of real property when purchased or newly constructed after the 1975 assessment. The “full cash value” may also be annually adjusted to reflect inflation at a rate not to exceed 2% per year, a reduction in the consumer price index or comparable local data, or decreases in property value caused by damage, destruction or other factors. Proposition 13 prohibits the levying of any other *ad valorem* property taxes except for property taxes required to pay debt service for voter-approved general obligation bonds.

Should real property in the City decline in market value, Proposition 8 allows for reassessment procedures under which the assessor is obligated to review the property and enroll the lesser of the factored base year value or the market value. The factored base year value of real property is the market value as established in 1975 or as established when the property last changed ownership or was newly constructed. The assessed value of property that has been reassessed under Proposition 8 may rise more than the standard 2% maximum allowed for properties assessed under Proposition 13 up to its factored Proposition 13 base year value.

Prior to the adoption of Proposition 13, real property was assessed at 25% of market value, and the tax rate was \$4 per \$100 of assessed value. Beginning in 1982, assessed valuation began to be calculated at 100% of market value, which reduces the tax rate to \$1 per \$100 of assessed value.

The following chart summarizes property tax rates for all overlapping governments within the City for the last five fiscal years.

**TABLE 11
CITY OF LONG BEACH
Property Tax Rate
All Overlapping Governments**

<i>Fiscal Year Ending 9/30⁽¹⁾</i>	<i>Direct Tax Rate</i>	<i>County Of Los Angeles</i>	<i>Unified Schools⁽²⁾</i>	<i>Community Colleges⁽²⁾</i>	<i>Special Districts⁽²⁾</i>	<i>Total</i>
2018	1.00000%	0.00000%	0.123230%	0.046210%	0.003500%	1.17294%
2019	1.00000	0.00000	0.125520	0.027175	0.003500	1.15619
2020	1.00000	0.00000	0.139929	0.040162	0.003500	1.18359
2021	1.00000	0.00000	0.113230	0.043760	0.003500	1.16049
2022	1.00000	0.00000	0.121070	0.024880	0.003500	1.14945

⁽¹⁾ Based on Los Angeles County's Fiscal Year Ending June 30.

⁽²⁾ These tax rates are in addition to the 1% rate and support debt service on voter-approved general obligation bonds.

Note: In 1978, California voters passed Proposition 13, which set the property tax rate at a 1% fixed amount. Valuations of real property were frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt.

Source: City of Long Beach, California Annual Comprehensive Financial Report.

See "RISK FACTORS—Assessed Value of Taxable Property" for a discussion of certain risks associated with the collection of property taxes.

Largest Property Taxpayers

The following table shows the twenty largest owners of taxable property in the City as determined by secured assessed valuation in Fiscal Year 2022-23, representing 3.81% of the City's total secured assessed valuation. The table also shows taxable possessory interests in connection with Port operations.

TABLE 12
CITY OF LONG BEACH
Top Twenty Property Taxpayers
(Fiscal Year 2022-23)

<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2022-23 Assessed Valuation</i>	<i>Percentage of Total Assessed Valuation⁽¹⁾</i>
1. CF Alpha and Golf Prop Co LLC	Office Building	\$ 252,452,000	0.38%
2. GCC Long Beach LLC	Industrial	211,271,580	0.32
3. TABC Inc.	Industrial	172,939,746	0.26
4. 2009 CUSA Community Owner LLC	Apartments	162,025,004	0.24
5. John Hancock Life Insurance	Office Building	151,881,410	0.23
6. Studio Management Services Inc.	Commercial	134,003,601	0.20
7. Equity One Vons Circle LLC	Shopping Center	127,981,671	0.19
8. IMT Capital IV Gallery LLC	Commercial	127,732,212	0.19
9. LB Oceanaire Development LLC	Apartments	126,166,044	0.19
10. W GL Ocean Avenue LB Holdings	Office Building	114,575,442	0.17
11. Terra Funding Shoreline Square	Office Building	113,995,124	0.17
12. DP3 Sub 1 & 2 LLC	Industrial	109,891,031	0.17
13. LBX Douglas Retail Fee Owner LLC	Shopping Center	104,226,992	0.16
14. McDonnell Douglas Corp.	Industrial	99,509,480	0.15
15. GS Long Beach LLC	Commercial	89,077,850	0.13
16. Long Beach Center LLC	Shopping Center	89,062,494	0.13
17. Tesoro Logistics Operations LLC	Industrial	89,011,907	0.13
18. HCI 333 East Ocean Owner LP	Hotel	87,809,760	0.13
19. 404 Pine LP	Commercial	82,155,992	0.12
20. Omninet Freeway LP	Office Building	79,246,811	0.12
TOTAL		\$ 2,525,016,159	3.81%

⁽¹⁾ Fiscal Year 2022-23 Local Secured Assessed Valuation: \$66,279,899,725.
Source: California Municipal Statistics, Inc.

Tax Receipts

Taxes received by the City include property taxes, utility users taxes, sales and use taxes, transient occupancy taxes, business license taxes and an oil production tax. Of such taxes, property taxes and sales and use taxes constitute the major sources of tax revenues. See “—Recent Voter-Approved Measures” for a discussion of certain voter-approved measures which increased tax revenues received in the City, in particular, sales and use and transient occupancy taxes. The current sales tax rate in the City is 10.25%. See “RISK FACTORS—Certain Risks Associated with Sales Tax and Other Local Tax Revenues” for a discussion of certain risks associated with the collection of the above-described tax revenues.

The City's ability to raise current taxes or impose future taxes is limited by Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 218.”

The following table sets forth the total General Fund tax revenues received by the City by source.

TABLE 13
CITY OF LONG BEACH
General Fund Tax Revenues by Source
(in thousands)

<i>Fiscal Year</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Property Tax	\$ 157,906	\$ 176,720	\$ 181,700	\$ 200,359	\$ 204,899
Sales & Use Tax	130,852	136,161	126,689	148,449	171,191
Utility Users Tax	36,639	34,898	33,767	38,546	40,349
Transient Occupancy Tax	20,856	19,436	13,627	13,605	20,578
Other Taxes*	<u>17,595</u>	<u>17,040</u>	<u>15,567</u>	<u>16,799</u>	<u>23,842</u>
Total Taxes	\$ 363,848	\$ 384,255	\$ 371,350	\$ 417,758	\$ 460,859

* Includes business license tax, oil production tax and other taxes.

Source: City of Long Beach.

Oil Related General Fund Revenues

The Wilmington Oil Field, which is one of the largest oil fields in the United States, traverses the City. Since 1939, the City has developed and managed the oil operations on its Uplands and Tideland properties. The Uplands properties are owned by the City and the revenues can be used for general purpose activities. The Tideland properties are owned by the City in trust for the State. The revenues generated by the Tideland properties, by legislation, are shared between the City, State and two contracting oil production companies, Occidental Petroleum Corp. and Tidelands Oil Production Company. The City's share can only be used in support of Tideland purposes. There are no revenue transfers between Tideland Operating Fund and the City's General Fund. Operation of the Wilmington Oil Field is managed by two contractors, Occidental Petroleum Corporation and Tidelands Oil Production Company. The City administers all City oil operations, contracts, leases and agreements and directs all subsidence control operations through the Long Beach Energy Resources Department.

The following table shows General Fund revenues from the Uplands Oil Fund for the last five fiscal years.

TABLE 14
CITY OF LONG BEACH
General Fund (Uplands Oil Fund)
Oil Sales and Royalties Revenue⁽¹⁾
(in thousands)

<i>Fiscal Year Ended</i> <i>September 30</i>	<i>Uplands Oil Fund</i>
2018	\$16,058
2019	14,926
2020	9,743
2021	11,190
2022	16,195

⁽¹⁾ General Fund oil sales and royalty revenues are recorded in the Uplands Oil Fund that is then consolidated into General Fund.

⁽²⁾ Estimated.

Source: City of Long Beach, California Annual Comprehensive Financial Reports.

The City's oil revenues are impacted by both price and production efforts. An acute decrease in oil demand in 2020 as a result of the COVID-19 pandemic caused oil revenue to dip below \$10 million. Uplands revenue covers General Fund operations and one-time investments. Tideland revenue covers both operations and capital investment in the Tideland area. The oil production-based taxes for both the City's General Fund and Police and Fire Public Safety Oil Production Act Fund (Proposition H) are also impacted. In Fiscal Year 2021-22, Proposition H revenues were approximately \$2.9 million.

On September 16, 2022, the Governor signed Senate Bill 1137 ("SB 1137") into law. SB 1137 is expected to significantly impact oil production in the State. Subject to certain limited exceptions, SB 1137 prohibits the installation of new oil wells in "health protection zones," which are areas within 3,200 feet of residences, schools, health care facilities or any building housing a business that is open to the public. Commencing January 1, 2025, SB 1137 would also make existing wells within health protection zones subject to new operating limitations and restrictions.

Although the City does not currently expect that there will be an immediate total loss of Uplands Oil Fund Revenues, an analysis of the impact of SB 1137 prepared by the City's Department of Financial Management in December 2022 determined that:

- Approximately half of the City's oil wells would be affected by the legislation.
- The decline in oil production, which had been previously assumed to occur at a rate of 6% per year through 2035, would be projected to double to 12% per year.
- Although the decline in oil production would primarily impact the Tideland Operating Fund (which is *not* part of the General Fund), there would also be negative impacts to the Uplands Oil Fund (which *is* part of the General Fund), both directly and as a result of reductions in sales and use and transactions and use tax revenues, utility users tax revenues and Measure US and Proposition H Oil Barrel Production tax revenues (which are business license taxes on oil producers). Current City estimates of the negative revenue effects are as follows:

CITY OF LONG BEACH
Projected Negative Impact on General Fund (Uplands Oil Fund) From SB 1137
(in millions)

<i>Revenue Source</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>
Uplands Oil Fund ⁽¹⁾	\$0.9	\$1.6	\$2.1	\$2.6	\$2.9
Sales Tax	0.7	0.9	1.2	1.2	1.2
Property Tax ⁽²⁾	0.0	0.0	0.0	0.0	0.0
Utility Users Tax	0.3	0.5	0.7	1.0	1.2
Measure US/Prop. H Tax	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
TOTAL	\$2.2	\$3.3	\$4.2	\$5.0	\$5.5

⁽¹⁾ Assumes a price of \$55 per barrel of oil. At higher prices per barrel, the negative revenue impact would not be as severe.

⁽²⁾ Although no negative impacts to property tax revenues are shown in the table, it is possible that such impacts could arise based on the formula by which oil producers' property tax assessment is calculated.

Source: City of Long Beach.

Moreover, SB 1137 is expected to accelerate the costs to the City associated with oil well abandonments. Although the City currently maintains approximately \$70 million in reserves for well abandonment costs, the City believes that SB 1137 will require abandonments on an accelerated schedule for the remaining additional \$84 million in reserves that are expected to be needed to cover such costs. It is also conceivable that the General Fund may need to cover abandonment costs for wells owned by private parties, although the City is not able to quantify such costs at this time.

In addition, in December 2022, the City of Los Angeles adopted an ordinance (the “LA Ordinance”) which makes existing wells within the City of Los Angeles a “non-conforming use” under the zoning laws of the City of Los Angeles effective January 18, 2023. The LA Ordinance requires the operation of all oil wells to terminate within 20 years of the LA Ordinance’s effective date, with operators required to seek an exception from the City of Los Angeles Planning Department in order to continue operating existing wells prior to the mandatory termination date. The City estimates on a preliminary basis that more than 50% of the City’s wells would be subject to either SB 1137 or the LA Ordinance.

The City is currently analyzing the potential impact of the LA Ordinance on oil production in its Tideland and Uplands properties, as well as the resulting potential impact on Uplands Oil Fund revenues. There can be no assurance that the LA Ordinance will not materially adversely impact Uplands Oil Fund revenues.

The City notes that certain oil industry participants have met the requirements to place an initiative on the November 5, 2024 Statewide ballot overturning SB 1137. The City is unable to predict whether such initiative will be approved by State voters.

The impact of SB 1137 (and the LA Ordinance) will ultimately depend on a variety of factors, including the manner in which they are interpreted, regulations that may be issued, the success of the ballot initiative to overturn SB 1137 which is discussed in the foregoing paragraph and the outcome of any potential litigation that may be brought by operators of oil wells throughout the State.

Investment of City Funds

The City maintains an Investment Policy, which, pursuant to the provisions of Section 53646 of the California Government Code, is annually submitted to and reviewed by the Investment Committee of the City and approved by the City Council. Any change in the Investment Policy is reviewed and approved by the City Council. Quarterly reports, which summarize the investment activity and portfolio balances, are also provided to the City Manager, the City Auditor and the City Council. In addition, the Investment Advisory Committee, comprised of the Deputy City Attorney, the Assistant City Auditor, the City Treasurer, the Assistant City Treasurers, the City Controller, as well as the Director of Finance of the Harbor Department and the Director of Finance of the Water Department, or their designated representatives, meet quarterly, or as needed, to review investment policies and strategies and to make recommendations consistent with approved investment policies.

The goal of the Investment Policy is to invest public funds in a prudent manner, maintaining maximum security, meet the daily cash flow demand of the City and conform to all State and local statutes governing the investment of public funds and, consistent with the aforementioned goals, manage the public funds in order to maximize the return on investments. The objectives of the Investment Policy are, in the following order of priority:

FIRST, *Safety of Principal*, through management of both credit risk and market risk as well as the application of the “Prudent Investor Rule.” Credit risk is to be mitigated through prudent investment choices and portfolio diversification. Market risk is to be mitigated by limiting the weighted average maturity of the City’s portfolio to a maximum of three years.

SECOND, *Liquidity*, to meet all operating requirements that might be reasonably anticipated.

THIRD, *Return on Investment*, to attain market average rates of return through economic cycles. The investment strategy is to maximize the return on investments consistent with the risk limitations and prudent investment principles of the City’s Investment Policy. The City has established three benchmark measures for the pooled funds portfolio: the three-month U.S. Treasury Bill rate for the short maturity portfolio, the One Year Constant Maturity Treasury Index or equivalent index for the intermediate maturity portfolio and the ICE BofA Merrill Lynch 1-5 year Treasury/Agency Index for the long maturity portfolio.

The City's investment alternatives are specified in California Government Code Sections 53600 *et seq.* Within this framework, the Investment Policy specifies authorized investments, subject to certain limitations.

The City does not have any outstanding obligations payable from its General Fund for which the interest rate is set by means of a periodic auction (commonly known as "auction rate securities"). In addition, the City is not currently a party or counterparty to any contract, instrument or agreement commonly known as a "derivative," such as an interest rate swap, cap, collar, hedge, floor or "swaption" that has been entered into in connection with a General Fund obligation of the City.

According to the City Treasurer's Monthly Report for the month ending [____], 2023, the City's invested funds and cash totaled approximately \$[____] billion in market value. The investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. As of [____], 2023, [____]% of the total City portfolio was invested in Short Maturity investments (approximately 3 to 6 months to maturity), [____]% of the total City portfolio was invested in Intermediate Maturity investments (approximately 1 to 3 years to maturity) and [____]% of the total City portfolio was invested in Long Maturity investments (up to 5 years to maturity). The remaining [____]% is cash held at various financial institutions.

S&P Global Markets has rated the City's investment portfolio "AA+" with a volatility rating of "S1." Any explanation of the significance of such a rating may be obtained from S&P Global Markets.

STATE BUDGET

As described herein, the State is a source of certain City revenues, and the State's financial condition has from time to time adversely affected the financial condition of the City. From time to time in the past, the State experienced significant financial stress, with budget shortfalls in the tens of billions of dollars. There can be no assurances that State financial pressures in the future will not adversely affect the City.

The City cannot predict the extent of any budgetary problems the State will encounter in future fiscal years, and it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City's finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition. Property taxes that are subject to

Proposition 13 are a significant source of the City's General Fund revenues. See "CITY FINANCIAL INFORMATION—Assessed Valuation."

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (for new construction, change of ownership or 2% annual value growth) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of: (i) real property between spouses; or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are "severely disabled," to transfer the old residence's assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the April 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after April 6, 1990.

Article XIII A has also been amended to provide that there would be no increase in the full cash value base in the event of reconstruction of property damaged or destroyed in a disaster.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property.

Section 4 of Article XIII A also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Both the California Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

On April 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations

of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is State fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted: (1) if financial responsibility for providing services is transferred to the governmental entity; or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from: (1) regulatory licenses, user charges and user fees to the extent that such proceeds exceed the cost of providing the service or regulation; (2) the investment of tax revenues; and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City’s option, either: (1) the percentage change in California per capita personal income; or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college districts.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Proposition 62

Proposition 62, which was adopted by the voters at the April 4, 1986, general election: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by April 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara City Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of 0.5% was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. The county-wide sales tax at issue received an affirmative vote of only 54.1% and was found to be invalid.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 62 applies to the imposition of any taxes or the implementation of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are largely subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See "—Proposition 218" below.

Proposition 218

On April 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments shall be deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the *ad valorem* property tax imposed pursuant to Article XIII and Article XIIC of the California Constitution; (ii) any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIIC of the California Constitution; and (iii) assessments, fees, and charges for property related services as provided in Article XIID. Proposition 218 added voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 provides that fees that are charged "as an incident of property ownership" may not "exceed the funds required to provide the property related services" and may only be charged for services that are "immediately available to the owner of the property."

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after April 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairment of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in

Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from general taxes purported to be governed by Proposition 218, as discussed under “CITY FINANCIAL INFORMATION—Tax Receipts,” all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City’s General Fund.

On April 7, 2000, the voters of the City approved Measure J, which provided for a reduction in the tax rate imposed upon users of electricity, gas, telephone and water services within the City. No assurance can be given that the voters of the City will not, in the future, approve additional initiatives which reduce or repeal local taxes, assessments, fees or charges that currently are deposited in the City’s General Fund.

Proposition 22

Proposition 22, which was approved by California voters on April 2, 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State’s authority to temporarily shift property taxes from cities, counties and special districts to schools, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009.

Proposition 26

Proposition 26, which was approved by California voters on April 2, 2010, revises the California Constitution to expand the definition of “taxes.” Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of April 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See “—Proposition 218.”

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after April 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the City’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a 50% voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. The limitations imposed upon the City by these provisions hinder the City’s ability to raise revenues through taxes or otherwise and may therefore prevent the City from meeting increased expenditure requirements. From time to time, other initiative measures could be adopted, some of which may place further limitations on the ability of the State, the City or local districts to increase revenues or to spend money or which could have other financially adverse effects such as requiring the City to undertake new responsibilities. Such other initiatives could have a material adverse effect on the City’s financial condition.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2023 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2023 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2023 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Series 2023 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Limited Obligation

The Series 2023 Bonds are limited obligations of the Authority, payable solely from and secured solely by a pledge of amounts in certain funds and accounts pursuant to the applicable Series 2023 Indenture and the revenues derived from the related Series 2023 Lease Payments by the City pursuant to the related Series 2023 Lease Agreement. The City has covenanted in each Series 2023 Lease Agreement to take such actions as may be necessary to include all Series 2023 Lease Payments due thereunder in its annual budgets and to make the necessary annual appropriations therefor. Neither the Series 2023 Bonds nor the obligation of the City to make Series 2023 Lease Payments constitutes an indebtedness of the Authority, the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation, or a pledge of the faith and credit of the City. The Authority has no taxing power. The obligation of the City to make Series 2023 Lease Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Additional Obligations Payable from the General Fund

Although the Series 2023 Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Series 2023 Lease Agreement to pay the Series 2023 Lease Payments from any source of legally available funds and the City has covenanted in each Series 2023 Lease Agreement that, for so long as the related Series 2023 Property is available for its use, it will make the necessary annual appropriations within its budget for the related Series 2023 Lease Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Series 2023 Lease Payments, or which the City, in its discretion, may determine to pay prior to the Series 2023 Lease Payments. In addition, a court may in its discretion may decline to enforce the appropriation covenant.

The City has the capacity to enter into other obligations payable from the City's General Fund, without the consent of or prior notice to the Owners of the Series 2023 Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Series 2023 Lease Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making Series 2023 Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the current limitations on the City's appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII B of the California Constitution."

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Series 2023 Lease Agreement, the City covenants to take such action as may be necessary to include related Series 2023 Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Series 2023 Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX D—"PROPOSED FORM OF BOND COUNSEL OPINION") to the effect that, subject to the limitations and qualifications described therein, the Series 2023 Lease Agreement constitutes a valid and binding obligation of the City. As to the Authority's practical realization of remedies upon default by the City, see "—Limitations on Remedies" below.

COVID-19

The COVID-19 pandemic significantly impacted state and local economies, and City revenues. Although the impacts of the pandemic are abating, any resurgence of the pandemic could materially adversely impact the City's financial condition. See "CITY FINANCIAL INFORMATION—COVID-19."

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Series 2023 Property caused by material damage, title defect, destruction to or condemnation of the Series 2023 Property, the Series 2023 Lease Payments will be subject to abatement. The amount of abatement will be such that the resulting Series 2023 Lease Payments do not exceed the fair rental value for the use and possession of the remaining portions of the Series 2023 Property to which the City has beneficial use and occupancy and as to which such damage or destruction or defect in title do not substantially interfere.

In the event that such component of the Series 2023 Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of the Series 2023 Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Series 2023 Property or prepayment of the related Series 2023 Bonds, there could be insufficient funds to make payments to Owners in full. Reduction in Series 2023 Lease Payments due to abatement as provided in the Series 2023 Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Series 2023 Property is substantially higher or lower than its value at the time of the execution and delivery of the Series 2023 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2023 Bonds.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Series 2023 Lease Payments due over the term of the Series 2023 Lease Agreement and the Trustee is not empowered to sell a fee simple interest in the Series 2023 Property and use the proceeds of such sale to prepay the Series 2023 Bonds or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

Sales and use tax revenues are consistently among the largest sources of General Fund revenues of the City. See "CITY FINANCIAL INFORMATION."

Sales and use tax revenues are primarily based upon the gross receipts of sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, in times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City from brick-and-mortar retailers to decline. An economic recession would also be expected to affect hotel occupancy within the City, and consequently, the City's receipt of transient occupancy taxes.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect

on sales tax revenues received by the City. See “CITY FINANCIAL INFORMATION—Recent Voter-Approved Measures” and “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

Many categories of transactions are exempt from the Statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the State for administering the City’s sales tax could also be changed.

Assessed Value of Taxable Property

Property taxes are consistently among the largest sources of General Fund revenues of the City. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as flood, tsunami, storm, fire, wildfire, ongoing drought, toxic dumping, erosion, civil unrest or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. See “—Natural Disasters” and “—Hazardous Substances.”

In addition, economic and market forces, such as a downturn in the regional economy, could affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. The total assessed value could also be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIII A of the California Constitution and Section 51 of the State Revenue and Taxation Code, which were adopted pursuant to Proposition 8 in 1978, require the County assessor to annually enroll either a property’s adjusted base year value (the “**Proposition 13 Value**”) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor’s roll, such lower value is referred to as the “**Proposition 8 Value**.”

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds the Proposition 13 Value attributable to a piece of property (adjusted for inflation) does a county assessor reinstate the Proposition 13 Value.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make Series 2023 Lease Payments.

Dependence on State for Certain Revenues

A number of the City’s revenues are collected and disbursed by the State (such as sales taxes and the vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to

local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties. See "STATE BUDGET."

Although the State's ability to undertake such revenue reductions or shifting has been limited by provisions of the State Constitution, as described under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Proposition 22," declining revenues and fiscal difficulties that arose in the State commencing in 2009 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies.

Although recent State budgets have been balanced, largely attributable to improvements in the economy, the additional revenues generated due to tax increases approved in recent Statewide elections as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future, should the State budget again be stressed and if projections included in such budget do not materialize.

Limitation on Remedies

The enforcement of any remedies provided in the Series 2023 Lease Agreement and the Series 2023 Indenture could prove both expensive and time consuming. Although the Series 2023 Lease Agreement provides that if the City defaults the Trustee may reenter and re-let the Series 2023 Property, portions of the Series 2023 Property may not be easily recoverable, and the Series 2023 Property may be subject to certain agreements with respect to its operation. See "THE SERIES 2023 PROPERTY." Additionally, the Trustee may have limited ability to re-let the Series 2023 Property in order to provide a source of rental payments sufficient to pay the principal of and interest on the related Series 2023 Bonds or so as to preserve the tax-exempt nature of interest on the Series 2023 Bonds. The Trustee is not obligated to re-let the Series 2023 Property in a manner that will preserve the tax-exempt nature of interest on the Series 2023 Bonds and there can be no assurance that any re-letting will provide funds in an amount that is sufficient to pay the principal of and interest on the Series 2023 Bonds.

Alternatively, the Trustee may terminate the Series 2023 Lease Agreement and proceed against the City to recover damages pursuant to the Series 2023 Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Series 2023 Bonds are subject to certain limitations on legal remedies against cities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Series 2023 Bonds may be subject to: (i) bankruptcy, insolvency, reorganization, moratorium or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect); (ii) equity principles (including but not limited to 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 law; (iii) the exercise by the United States of America of the powers delegated to it by the Constitution; and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited or severely restricted from taking any steps to enforce their rights under

the Series 2023 Lease Agreement and from taking any steps to collect amounts due from the City under the Series 2023 Lease Agreement. See “—Bankruptcy” below.

All legal opinions with respect to the enforcement of the Series 2023 Lease Agreement and the Series 2023 Indenture will be expressly subject to a qualification that such agreements may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors’ rights generally and by the exercise of judicial discretion in accordance with general principles of equity.

Risk of Uninsured Loss

The City has covenanted under the Series 2023 Lease Agreement to maintain certain insurance policies on the related Series 2023 Property. See “SECURITY FOR THE SERIES 2023 BONDS—Insurance.” These insurance policies do not cover all types of risk, and the City need not obtain insurance except as available on the open market from reputable insurers. For instance, the City is not required to maintain, and currently does not maintain, flood or earthquake insurance, nor is the City required to maintain coverage in current coverage amounts provided that such coverage meets the requirements of the Series 2023 Lease Agreement. The Series 2023 Property could be damaged or destroyed due to earthquake or other casualty for which the Series 2023 Property is uninsured. Additionally, the Series 2023 Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of the related Series 2023 Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City’s liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of any of the Series 2023 Property will be sufficient to redeem the related Series 2023 Bonds.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, wildfire, windstorm, tsunami, drought, earthquake, landslide, mudslide or flood, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of Series 2023 Lease Payments.

Earthquakes are considered a threat to the City due to the highly active seismic region and the proximity of fault zones such as the Newport-Inglewood Fault, which could influence the entire coastal portion of the State. There are also likely to be unmapped faults in or near the City. Seismically induced ground shaking has affected the City in the past and is expected to affect the City in the future.

An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage. The effects of an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction, floods and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas that are surrounded by hillsides because, when wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rainwater from seeping deep into the ground. The result is erosion, mudslides and excess water running off the hillsides often causing flash

flooding. In general, property damage due to wildfire or mudslides could result in a significant decrease in property tax and other revenues received by the City.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Series 2023 Property which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Series 2023 Lease Payments or cause an abatement in Series 2023 Lease Payments if the City is unable to use and occupy the Series 2023 Property. See “—Risk of Uninsured Loss.”

Eminent Domain

If the Series 2023 Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Series 2023 Lease Agreement will cease as of the day possession is taken. If less than all of the Series 2023 Property is taken permanently, or if the Series 2023 Property or any part thereof is taken temporarily, under the power of eminent domain: (a) the Series 2023 Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking; and (b) there will be a partial abatement of the related Series 2023 Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Series 2023 Lease Payments, in an amount to be agreed upon by the City and the Authority such that the resulting Series 2023 Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Series 2023 Property.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Series 2023 Property. In general, the owners and lessees of the Series 2023 Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of such property by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further it is possible that the beneficial use of the Series 2023 Property may be limited in the future resulting from the current existence on the Series 2023 Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Series 2023 Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Series 2023 Property.

[CONFIRM] [The City has not independently verified, but is unaware of the existence of hazardous substances on the Series 2023 Property site which would materially interfere with the beneficial use thereof.]

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. Recently, there have been significant cybersecurity incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers, an attack that resulted in the

temporary closure of the Port of Los Angeles' largest terminal and an attack on Los Angeles Unified School District's network.

The City approaches cybersecurity through a multi-threaded approach to ensure a layered defense. The Cybersecurity Framework utilized by the City aligns with industry standards and regulations (focusing on National Institute of Standards and Technology Special Publication 800-53). This standard recommends security controls for federal information systems and organizations while documenting security controls for all federal information systems with the exception of those designed for national security. This framework allows continual assessments and improvement of the City's cybersecurity program.

The City has implemented a Cyber Security Program to monitor and address cyber security and protect the integrity of information assets. The Technology and Innovation Department has performed security risk assessments, implemented critical infrastructure modernization and implemented vulnerability analysis tools and security policies, procedures and standards. In addition, the Technology and Innovation Department routinely conducts third-party vendor assessments to assess the capability of technology vendors to manage security risk and respond to major cybersecurity incidents. Furthermore, the City created a cybersecurity roadmap to document the current, near term and future security posture with a focus on continuous improvement. In addition, the City regularly consults with the Federal Bureau of Investigation, the Department of Homeland Security, the Center for Internet Security and respected technical advisory firms to benchmark its practices and stay abreast of emerging threats.

The City has a security awareness training program that includes awareness classes, emails of security tips and periodic simulated phishing campaigns to highlight and train employees on emerging cybersecurity issues and enhance cyber hygiene of City employees.

Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or a negative effect on the services provided by the City, and could cause a loss of confidence in City's operations, which could ultimately adversely affect General Fund revenues.

On November 4, 2022, the City, along with several other entities, experienced a denial-of-service attack on its website. The City's website was unavailable for approximately four hours, but no sensitive data was exfiltrated from the City's systems as a result of the attack. The incident was investigated and resolved by the City together with a third-party cyber security firm and the website was stabilized. Costs required to resolve the incident were not significant and not reimbursed by insurance.

Limitation on Trustee's Obligations under the Indenture

The Trustee has no obligation to advance its own funds to pursue any remedies. As a consequence, the Trustee's willingness and ability to pursue any of the remedies provided in the Series 2023 Indenture and the Series 2023 Lease Agreement may be dependent upon the availability of funds from an interested party. Additionally, the Trustee is not required to acquire possession of the Series 2023 Property if doing so subjects it to potential liability. There can be no assurance that the Trustee will be willing and able to perform its duties under the Series 2023 Indenture.

Release of Property

The Authority and the City may amend the Series 2023 Lease Agreement to substitute or release a portion of the Series 2023 Property upon compliance with all of the conditions set forth in the Series 2023 Lease Agreement. After a substitution or release, the portion of the Series 2023 Property for which the substitution or

release has been effected will be released from the leasehold encumbrance of the Series 2023 Lease Agreement. See “SECURITY FOR THE SERIES 2023 BONDS—Addition, Deletion or Substitution of Property Constituting the Sites or the Project.”

Although the Series 2023 Lease Agreement requires, among other things, that the Series 2023 Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Series 2023 Lease Payments for the Series 2023 Property coming due in the then-current fiscal year or in any subsequent fiscal year, it does not require that the Series 2023 Property have an annual fair rental value equal to the annual fair rental value of the Series 2023 Property prior to the substitution or release of any portion thereof. Thus, a portion of the Series 2023 Property could be replaced with less valuable real property, or could be released altogether. Such a substitution or release could have an adverse impact on the security for the Series 2023 Bonds, particularly if an event requiring abatement of the Series 2023 Lease Payments were to occur subsequent to such substitution or release.

Bankruptcy

The City and the Authority are public entities and therefore are not subject to the involuntary procedures of the United States Bankruptcy Code (the “**Bankruptcy Code**”). However, pursuant to Chapter 9 of the Bankruptcy Code, the City and the Authority may seek voluntary protection from their creditors for purposes of adjusting their debts. A City or Authority bankruptcy petition could have a material adverse effect on the payment of the Series 2023 Bonds. The following paragraphs present a discussion of certain potential consequences surrounding a potential City or Authority bankruptcy. It is not intended to be an exhaustive discussion of all potential adverse consequences or potential outcomes.

In the event the City or the Authority were to become a debtor under the Bankruptcy Code, the City or the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City or the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Bonds; (iv) overall delays in collection of Series 2023 Lease Payments during the pendency of the proceeding; and (v) the possibility of the adoption of a plan for the adjustment of the City’s or Authority’s debt (a “**Plan**”) without the consent of the Trustee or all of the Owners of the Series 2023 Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. The Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the Series 2023 Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Plan if it were to file for bankruptcy.

In addition, the City could either reject the Series 2023 Lease Agreement or assume the Series 2023 Lease Agreement despite any provision thereof which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Series 2023 Lease Agreement, the Trustee, on behalf of the Owners of the Series 2023 Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Series 2023 Bonds. Moreover, such rejection would terminate the Series 2023 Lease Agreement and the City’s obligations to make payments thereunder.

Climate Change

In November 2015, the City Mayor signed an official commitment to the Compact of Mayors (now called the Global Covenant of Mayors), a global coalition working to collectively reduce greenhouse gas emissions and enhance resilience to climate change. As part of this commitment, the City adopted a Climate Action and Adaptation Plan (the “CAAP”) in 2022. The CAAP will also be used to ensure City compliance with various state and regional mandates. As part of the larger CAAP report process, the City is required to file a report with the State Lands Commission that will estimate the potential future costs of sea level rise and coastal storms within the City.

The CAAP provides a framework for creating or updating policies, programs, practices and incentives for City residents and businesses to reduce the City’s greenhouse gas footprint, and better protect the City community and its physical assets from the impacts of climate change. The CAAP indicates that, in the future, climate-related hazards may impact the City, including sea level rise, flooding and extreme heat. Related impacts could include damage to critical City infrastructure, such as the City’s buildings, and wastewater and transportation systems. The CAAP also includes the development of mitigation and adaptation strategies for the City to consider, including reductions of greenhouse gas emissions, strengthening emergency response and disaster recovery planning, and the relocation or elevation of infrastructure, businesses and homes in areas particularly subject to climate impact. The final CAAP was adopted by the City Council in August 2022.

The City is unable to predict whether sea level rise or other impacts of climate change will occur while the Series 2023 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on General Fund revenues.

No Liability of Authority to the Owners

Except as expressly provided in the Series 2023 Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2023 Bonds with respect to the payment when due of the Series 2023 Lease Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Series 2023 Lease Agreement or the Series 2023 Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Series 2023 Indenture.

Risk of Tax Audit

The Internal Revenue Service (the “IRS”) has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes. It is possible that the Series 2023 Bonds or other tax-exempt obligations of the City may be selected for examination under such program. There is no assurance that an IRS examination of the Series 2023 Bonds or other tax-exempt obligations of the City will not adversely affect the market value of the Series 2023 Bonds. See “TAX MATTERS.”

Loss of Tax Exemption

As discussed under “TAX MATTERS,” in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2023 Bonds, the City has covenanted in the Series 2023 Lease Agreement not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2023 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2023 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2023 Bonds were issued, as a result of acts or omissions of the City or the Authority in violation of the Code. Should such an event of taxability occur, the Series 2023 Bonds are not subject to early redemption and will remain outstanding to maturity.

Limited Secondary Market

As stated herein, investment in the Series 2023 Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Series 2023 Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Series 2023 Bonds or, if a secondary market exists, that the Series 2023 Bonds can or could be sold for any particular price. Occasionally, because of general market conditions or because of adverse history, failure to comply with continuing disclosure obligations or economic prospects connected with a particular issue, secondary marketing in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

No Reserve Accounts

No debt service reserve accounts have been or will be established with respect to the Series 2023 Bonds.

Retirement Liabilities

The City has significant financial obligations relating to employee retirement, including significant unfunded liabilities. Many factors influence the amount of the City's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of applicable law, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the City to CalPERS as a result of which the City would be obligated to make additional payments to CalPERS over the period while the Series 2023 Bonds are outstanding in order to fully fund the City's obligation to CalPERS.

Ballot Initiative Relating to Taxation

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and self-titled by its sponsors as the "Taxpayer Protection and Government Accountability Act," had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS." The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

Among other things:

- Initiative 1935 would amend Article XIII C to state that every levy, charge or exaction of any kind imposed by local law is either a "tax" or an "exempt charge," and would amend the definition of "tax" added to Article XIII C by Proposition 26 to state that "every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge" constitutes a tax. Initiative 1935 narrows the definition of "exempt charge" to mean a "reasonable charge for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the actual costs [as opposed to the reasonable costs] of providing the service or product to the payor." "Exempt charges" also encompass existing exceptions from the definition of "tax" added to Article XIII C by Proposition 26. "Actual costs" is defined in Initiative 1935 to mean "the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor ... where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost

less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.” Initiative 1935 would retain an exemption from the definition of “tax” for assessments, fees or charges which are subject to Article XIIID.

- Initiative 1935 would amend Article XIIIC to state that only the governing body of a local government, or an elector acting pursuant to the initiative power, has the authority to impose an exempt charge, and that exempt charges must be imposed by an ordinance specifying the type of exempt charge and the amount or rate of the exempt charge to be imposed, and passed by the governing body, other than for certain exempt charges imposed for a specific health care service. In addition, Initiative 1935 would amend Article XIIIC to prohibit the submission to or approval by the electors of a charter city of any amendment to a municipal charter which provides for the imposition, extension or increase of a tax or exempt charge.

- Initiative 1935 would amend Article XIIIC to require the title, summary and ballot label or questions for a measure providing for the imposition of a tax to include: (a) the type and amount or rate of the tax; (b) the duration of the tax; and (c) the proposed use of the revenue derived from the tax; and (d) if the proposed tax is a general tax, the phrase “for general government use.” In addition, no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could or should be used for specific purposes.

- Initiative 1935 would amend Article XIIIC to require that any special tax, whether proposed by the governing body or by an elector, be approved by a two-thirds vote of the electorate.

- Initiative 1935 would amend Article XIIIC to state that the local government bears the burden of proving by clear and convincing evidence (as opposed to a preponderance of the evidence) that: (a) a levy, charge or exaction is an exempt charge and not a tax; and (b) the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.

- Initiative 1935 would amend Article XIIIC to state that any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements thereof is void 12 months after the effective date of Initiative 1935, if adopted, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

The City cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the City cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the City.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives to amend the laws or the Constitution of the State or that the State Legislature will not enact legislation that will amend the laws of the State, resulting in a reduction in the General Fund revenues of the City and consequently, having an adverse effect on the security for the Series 2023 Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Series 2023 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the City have covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2023 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest with respect to the Series 2023

Bonds to become includable in gross income for federal income tax purposes retroactively to the date of delivery of the Series 2023 Bonds.

Subject to the Authority's and the City's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the Series 2023 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the City with respect to certain material facts within their knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("**AMT**") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("**AMTI**"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Series 2023 Bonds.

Ownership of the Series 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2023 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the Series 2023 Bonds is the price at which a substantial amount of such maturity of the Series 2023 Bonds is first sold to the public. The Issue Price of a maturity of the Series 2023 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of Series 2023 Bonds who dispose of Series 2023 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2023 Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Series 2023 Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Series 2023 Bond is purchased at any time for a price that is less than the Series 2023 Bond's stated redemption price at maturity (the "**Reduced Issue Price**"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2023 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Series 2023 Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2023 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2023 Bonds.

An investor may purchase a Series 2023 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2023 Bond in a manner that takes into account

potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2023 Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2023 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2023 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Series 2023 Bonds issued prior to enactment. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The IRS has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Series 2023 Bonds. If an audit is commenced, under current procedures the IRS may treat the Authority or the City as a taxpayer and the Series 2023 Bond Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2023 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest with respect to, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Series 2023 Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Series 2023 Bond Owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2023 Bond Owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest with respect to the Series 2023 Bonds is exempt from California personal income taxes.

Ownership of the Series 2023 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the delivery of the Series 2023 Bonds is set forth in APPENDIX D—"PROPOSED FORM OF BOND COUNSEL OPINION."

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery by the Authority of the Series 2023 Bonds are subject to the approval as to their validity of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, acting as Disclosure Counsel, and for the Authority and the City by the City Attorney. Certain matters will be passed on for the Underwriters by Nixon Peabody LLP, Los Angeles, California. Compensation of Bond Counsel and Disclosure Counsel is contingent upon the issuance and delivery of the Series 2023 Bonds.

FINANCIAL STATEMENTS

The City's financial statements for the Fiscal Year ended September 30, 2022, included in APPENDIX B—"ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022," have been audited by KPMG, LLC, as stated in their reports appearing in such appendix. KPMG, LLC has not undertaken to update its reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by KPMG, LLC with respect to any event subsequent to its report.

LITIGATION

To the best knowledge of the Authority and the City, there is no pending or threatened litigation concerning the validity of the Series 2023 Bonds or the pledge of the Revenues or challenging any action taken by the Authority or the City in connection with the authorization of the Series 2023 Indenture or the Series 2023 Lease Agreement, or any other document relating to the Series 2023 Bonds, to which the Authority or the City is or will become a party, or the performance by the Authority or the City of any of their obligations under any of the foregoing.

RATINGS

Fitch Ratings ("**Fitch**") and S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**"), have assigned their municipal bond ratings of "[]" and "[]," respectively, to the Series 2023 Bonds. Such ratings reflect only the views of Fitch and S&P and an explanation of the significance of such ratings may be obtained from Fitch and from S&P. Future events could have an adverse impact on the ratings of the Series 2023 Bonds, and there is no assurance that such ratings will continue for any given period of time or that they will not be qualified, revised downward or withdrawn entirely by Fitch or S&P if, in the judgment of Fitch or S&P, circumstances so warrant. Any such qualification, downgrade or withdrawal of a rating may have an adverse effect on the market price of the Series 2023 Bonds. The ratings reflect only the views of S&P (which views and criteria could change at any time), and an explanation of the significance of such ratings may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions of its own.

The City has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the Series 2023 Bonds with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. See the caption "CONTINUING DISCLOSURE." Notwithstanding such covenant, information relating to rating changes on the Series 2023 Bonds may be publicly available from the rating agencies prior to the time that such information is provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the Series 2023 Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Series 2023 Bonds after the initial issuance of the Series 2023 Bonds.

UNDERWRITING

The Series 2023 Bonds are being purchased by the underwriters listed on the cover page of this Official Statement (the "**Underwriters**") at a price of \$____, which amount represents the principal amount of the Series 2023 Bonds of \$____, less \$____ representing the Underwriters' discount, plus \$____ representing net original issue premium. The Underwriters intend to offer the Series 2023 Bonds to the public at the offering prices set forth on the inside front cover page of this Official Statement. The Underwriters may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside front cover page hereof. The offering price may be changed from time to time by the Underwriters.

The Underwriters have provided the following for inclusion in the Official Statement:

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

The City has retained KNN Public Finance, LLC, Los Angeles, California, as municipal advisor (the “**Municipal Advisor**”) in connection with the delivery of the Series 2023 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Compensation of the Municipal Advisor is contingent upon the issuance and delivery of the Series 2023 Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

Pursuant to the Rule, the City has entered into the Continuing Disclosure Certificate for the Series 2023 Bonds pursuant to which it has agreed, for the benefit of owners of the Series 2023 Bonds, to provide certain financial information and operating data, by not later than each June 30 after the end of each of its Fiscal Years commencing with the report for Fiscal Year 2022-23 (the “**Annual Information**”), and to provide notices of the occurrence of certain enumerated events. The Annual Information and notices of enumerated events will be filed by the City with EMMA. The nature of the information to be provided in the Annual Information and the notices of enumerated events is set forth in APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

In 2020, the City filed notice of a material “financial obligation” 18 business days after the incurrence of the obligation. Except as disclosed in the previous sentence, during the past five years, the City has not failed to comply in all material respects with previous continuing disclosure undertakings pursuant to Rule 15c2-12. In order to assure compliance with its continuing disclosure obligations in the future, the City has retained Digital Assurance Certification, L.L.C., to assist in the preparation and filing of the Undertaking and other continuing disclosure undertakings of the City.

ADDITIONAL INFORMATION

Summaries and explanations of the Series 2023 Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements of their provisions.

The preparation and distribution of this Official Statement have been authorized by the Authority and the City.

FINANCE AUTHORITY OF LONG BEACH

By: _____
Executive Director

CITY OF LONG BEACH

By _____
Director of Financial Management

APPENDIX A

GENERAL, ECONOMIC, AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF LONG BEACH

The following information is presented as general background data. The Series 2023 Bonds are payable solely from moneys of the City as described in the Official Statement. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the Series 2023 Bonds.

The City also notes that the below information is the latest available but does not in every instance reflect the impact of the COVID-19 pandemic. See the Official Statement under the caption “CITY FINANCIAL INFORMATION—COVID-19.” Accordingly, the historical information below does not necessarily reflect present economic conditions and future information could be significantly different from the historical information below.

Municipal Government

The City was originally incorporated in 1888, and, after a short period of disincorporation, was reincorporated on December 13, 1897. Since 1907, the City has been governed as a charter city. The present City charter was originally adopted in 1921 and has been amended from time to time, most recently in 2022.

The City operates under the council-manager form of government with a nine-member City Council (the “**City Council**”). The nine City Council members are nominated and elected by district to serve four-year terms, with a maximum of three such terms within a lifetime. The Mayor is nominated and elected by the City at large. The Vice Mayor is elected by the City Council from among its members. Other city-wide elected offices are City Attorney, City Auditor and City Prosecutor.

The City Manager is appointed by and serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices noted above and the following three semi-autonomous commissions: Civil Service Commission, Board of Utilities Commissioners and Board of Harbor Commissioners.

In 1931, a Charter amendment was passed which created the Board of Water Commissioners and authorized the City to join the Metropolitan Water District of Southern California. These decisions sought to ensure an adequate water supply for the City. In 2023 the name of the Board was changed to the Board of Utilities Commissioners, because it now also administers the operations of the City’s natural gas utility.

Population

The following table contains the population of the City, the County and the State of California for the last five years.

TABLE A1
CITY OF LONG BEACH, COUNTY OF LOS ANGELES
AND STATE OF CALIFORNIA
Population Data

<i>Year</i>	<i>City of Long Beach</i>	<i>County of Los Angeles</i>	<i>State of California</i>
2018	474,257	10,192,593	39,519,535
2019	472,870	10,163,139	39,605,361
2020	472,052	10,135,614	39,648,938
2021	459,757	9,931,338	39,303,157
2022	460,682	9,861,224	39,185,605

Source: California Department of Finance E-4 Population Estimates for Cities, Counties and State, 2018-2022, with 2020 Census Benchmark.

Personal Income

The following table sets forth certain yearly median household income for the City, the County, the State of California, the United States:

TABLE A2
CITY OF LONG BEACH, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA AND UNITED STATES
Median Household Income

<i>Year</i>	<i>Long Beach</i>	<i>Los Angeles County</i>	<i>California</i>	<i>United States</i>
2010	\$ 51,173	\$ 55,476	\$ 60,883	\$ 51,914
2011	52,945	56,266	61,632	52,762
2012	52,900	56,241	61,400	53,046
2013	52,711	55,909	61,094	53,046
2014	52,944	55,870	61,489	53,482
2015	52,783	56,196	61,818	53,889
2016	55,151	57,952	63,783	55,322
2017	58,314	61,015	67,169	57,652
2018	60,551	64,251	71,228	60,293
2019	63,017	68,044	75,235	62,843
2020	66,410	71,358	78,672	64,994
2021	71,150	76,367	84,097	69,021

Source: U.S. Census Bureau, American Community Survey (ACS)

Employment by Industry

The California Employment Development Department compiles data annually on the status of employment and unemployment in the County. As an integral part of the Los Angeles metropolitan area, the

City benefits from the wide variety of job opportunities available in neighboring communities throughout the County.

The following table sets forth the average employment for major industry types within the County for the last five years.

TABLE A3
COUNTY OF LOS ANGELES
(Los Angeles Long Beach Glendale MD)
Labor Force and Industry Employment
Annual Averages by Industry⁽¹⁾

	2017	2018	2019	2020	2021	January 2023
Total, All Industries	4,455,000	4,520,700	4,566,100	4,171,700	4,300,000	4,577,200
Total Farm	5,700	4,600	4,400	4,400	4,600	4,800
Mining and Logging	2,000	1,900	1,900	1,700	1,600	1,600
Construction	138,700	146,300	149,800	146,500	149,800	142,400
Manufacturing	350,400	342,600	340,700	315,100	311,700	320,000
Wholesale Trade	221,500	223,200	220,500	200,000	202,000	202,800
Retail Trade	425,900	424,600	417,700	380,200	401,400	411,900
Transportation, Warehousing & Utilities	198,200	203,600	212,900	207,800	214,200	229,800
Information	214,000	214,700	215,300	191,000	213,200	222,500
Financial Activities	221,600	223,200	223,600	212,600	210,800	213,900
Professional & Business Services	613,200	632,300	647,000	599,800	629,500	680,300
Educational & Health Services	797,400	817,900	839,900	820,300	839,600	900,000
Leisure & Hospitality	524,600	536,500	547,200	393,500	429,300	520,500
Other Services	155,700	158,800	158,400	128,700	134,100	154,200
Government	586,100	590,600	586,900	570,200	558,200	572,500

⁽¹⁾ Data not seasonally adjusted.

Note: Data may not add due to rounding.

Source: California Employment Development Department, Labor Market Information Division, Employment By Industry Data, March 2021 Benchmark. Monthly preliminary data for January 2023.

The following table summarizes the civilian labor force, employment and unemployment average statistics for the City, the County, the State and the United States for the past five years.

TABLE A4
CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
AND UNITED STATES
Civilian Labor Force, Employment and Unemployment
(Annual Averages)⁽¹⁾

<i>Year</i>	<i>Area</i>	<i>Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate</i>
2017	City of Long Beach	238,900	227,200	11,700	4.9%
	Los Angeles County	5,109,800	4,864,100	245,700	4.8
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,313,000	153,337,000	6,982,000	4.3
2018	City of Long Beach	239,700	228,500	11,300	4.7%
	Los Angeles County	5,121,300	4,885,300	236,000	4.6
	California	19,263,900	18,442,400	821,500	4.3
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	City of Long Beach	240,500	229,500	10,900	4.5%
	Los Angeles County	5,153,100	4,926,100	227,000	4.4
	California	19,353,700	18,550,500	803,200	4.2
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	City of Long Beach	231,200	201,400	29,800	12.9%
	Los Angeles County	4,968,900	4,355,900	613,000	12.3
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	City of Long Beach	232,500	210,300	22,200	9.6%
	Los Angeles County	4,994,100	4,548,900	445,200	8.9
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
January 2023	City of Long Beach	230,600	219,100	11,500	5.0%
	Los Angeles County	4,985,200	4,739,300	246,000	4.9
	California	19,278,100	18,383,800	894,400	4.6
	United States	165,832,000	160,138,000	5,694,000	3.4

⁽¹⁾ Data not seasonally adjusted.

Sources: California Employment Development Department, and US Bureau of Labor Statistics, Annual Averages 2017-2021; monthly data for January 2023.

Major Employers

The following table sets forth the City's major employers:

TABLE A5
CITY OF LONG BEACH
Major Employers
As of September 30, 2022

	<i>Employer</i>	<i>Number of Employees</i>	<i>Percent of City Employment</i>
1.	Long Beach Unified School District	12,049	5.10%
2.	City of Long Beach	5,395	2.28
3.	Long Beach Memorial Medical Center	4,950	2.09
4.	Veteran Affairs Medical Center	3,524	1.49
5.	California State University, Long Beach ("CSULB")	3,336	1.41
6.	Long Beach City College	3,321	1.41
7.	The Boeing Company	2,019	0.85
8.	St. Mary Medical Center	1,547	0.65
9.	CSULB Research Foundation	1,261	0.53
10.	Molina Healthcare Inc.	1,119	0.47

Source: City of Long Beach, California Annual Comprehensive Financial Report for Fiscal Year 2021-22.

Taxable Sales

Taxable sales transactions in the City for the five most recent available calendar years are shown below.

TABLE A6
CITY OF LONG BEACH
Taxable Sales
(in Thousands)

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>Through September 30, 2022</i>
Motor Vehicle and Parts Dealers	\$ 367,657	\$ 379,933	\$ 374,284	\$ 378,845	\$ 444,868	\$ 306,679
Home Furnishings and Appliance Stores	124,114	127,343	105,498	92,312	123,837	87,461
Building Material and Garden Equipment and Supplies Dealers	911,203	939,561	1,063,820	1,091,643	1,105,439	888,274
Food and Beverage Stores	320,234	334,299	342,654	383,144	383,737	283,064
Gasoline Stations	522,899	573,905	581,142	363,728	567,185	547,565
Clothing and Clothing Accessories Stores	219,885	239,967	242,790	178,129	261,233	181,815
General Merchandise Stores	285,164	301,576	317,198	293,064	330,653	261,799
Food Services and Drinking Places	944,078	961,500	1,007,334	749,129	1,013,973	867,032
Other Retail Group	<u>317,574</u>	<u>329,468</u>	<u>356,091</u>	<u>378,365</u>	<u>436,390</u>	<u>335,896</u>
Total Retail and Food Services	4,012,808	4,187,553	4,390,811	3,908,359	4,667,314	3,759,584
All Other Outlets	<u>1,291,635</u>	<u>1,564,027</u>	<u>1,528,068</u>	<u>1,212,549</u>	<u>1,445,565</u>	<u>1,457,266</u>
Total All Outlets	<u>\$5,304,442</u>	<u>\$5,751,580</u>	<u>\$5,918,879</u>	<u>\$5,120,908</u>	<u>\$6,112,878</u>	<u>\$5,216,851</u>

Source: California Department of Tax and Fee Administration

Construction

The following table reflects the five-year history of building permit valuation for the City:

TABLE A7
CITY OF LONG BEACH
Building Permits and Valuation
(in Thousands)

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<u>Permit Valuation:</u>					
New Single-family	\$ 22,388	\$ 25,351	\$ 16,939	\$ 15,052	\$ 22,001
New Multi-family	197,106	14,759	208,955	72,904	172,115
Res. Alterations/Additions	<u>97,943</u>	<u>106,881</u>	<u>112,610</u>	<u>93,819</u>	<u>93,926</u>
Total Residential	317,438	146,991	321,565	181,775	288,042
Total Nonresidential	<u>376,729</u>	<u>226,838</u>	<u>347,707</u>	<u>188,625</u>	<u>128,927</u>
Total All Building	<u>\$ 694,167</u>	<u>\$ 373,828</u>	<u>\$ 669,272</u>	<u>\$ 370,399</u>	<u>\$ 416,969</u>
<u>New Dwelling Units:</u>					
Single Family	104	128	100	223	304
Multiple Family	<u>1,116</u>	<u>73</u>	<u>1,061</u>	<u>541</u>	<u>604</u>
Total	<u>1,220</u>	<u>201</u>	<u>1,161</u>	<u>764</u>	<u>908</u>

Note: Totals may not add due to independent rounding.

Source: Construction Industry Research Board – Annual Building Permit Summary 2017-2021.

Long Beach Convention and Entertainment Center

The City has fostered convention business by expanding convention facilities and encouraging private sector participation. Trade shows, conventions, athletic contests and other events are held regularly at the Long Beach Convention and Entertainment Center (the “**Convention Center**”), which is part of the Pike at Rainbow Harbor oceanfront development. The Convention Center was closed for customary events at the onset of the COVID-19 pandemic, and reopened in August 2021. During the period it was closed to meetings and events, the Convention Center served as a personal protective equipment distribution center, a mass vaccination site, and as a temporary shelter for unaccompanied migrant children. The following table shows certain information relating to the Convention Center.

TABLE A8
CITY OF LONG BEACH
Convention and Delegate Attendance

<i>Calendar Year</i>	<i>Number of Conventions</i>	<i>Number of Delegates</i>
2017	293	1,360,923
2018	297	1,410,056
2019	294	1,264,330
2020	53	152,179
2021	54	279,160

Source: Long Beach Convention Center.

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain definitions and provisions of the Series 2023 Lease Agreement and the Series 2023 Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the Series 2023 Lease Agreement and the Series 2023 Indenture for a full and complete statement of their provisions.

[TO COME FROM BOND COUNSEL]

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the issuance of the Series 2023 Bonds, Quint & Thimmig LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

May __, 2023

Finance Authority of Long Beach
411 West Ocean Boulevard
Long Beach, California 90802

OPINION: \$_____ Finance Authority of Long Beach Lease Revenue Bonds, Series 2023

Members of the Authority:

We have acted as bond counsel to the Finance Authority of Long Beach (the “Authority”) in connection with the delivery by the Authority of \$_____ aggregate principal amount of the bonds of the Authority designated the “Finance Authority of Long Beach Lease Revenue Bonds, Series 2023” (the “Bonds”), pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Law”), and pursuant to an indenture of trust, dated as of May 1, 2023 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee, and a resolution of the Authority adopted on March 30, 2023. The Bonds are secured by a pledge of Revenues (as defined in the Indenture), primarily consisting of lease payments made by the City of Long Beach, California (the “City”) under a lease agreement, dated as of May 1, 2023 (the “Lease Agreement”), by and between the Authority and the City.

In connection with this opinion, we have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Indenture and Lease Agreement and in the certified proceedings for the Bonds, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Authority is a duly constituted joint exercise of powers entity under the laws of the State of California with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds constitute legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.
4. The Lease Agreement has been duly approved by the City and the Authority and constitutes a legal, valid and binding obligation of the City and the Authority enforceable against the City and the Authority in accordance with its terms.

5. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

6. Subject to the Authority's and the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

7. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Lease Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Series 2023 Bonds, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This CONTINUING DISCLOSURE CERTIFICATE (the “**Disclosure Certificate**”) is executed and delivered by the CITY OF LONG BEACH, CALIFORNIA (the “**City**”) in connection with the issuance by the Finance Authority of Long Beach (the “**Authority**”) of its \$_____ Lease Revenue Bonds, Series 2023 (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2023 (the “**Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). Pursuant to Section 5.11 of that certain Lease Agreement, dated as of May 1, 2023, by and between the Authority and the City, the City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the City’s Fiscal Year (currently June 30 based on the City’s Fiscal Year end of September 30).

“*Dissemination Agent*” shall mean, initially, the City, or any successor Dissemination Agent designated in writing by the City and which has been filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Financial Obligation*” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (c). 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.

“*Fiscal Year*” means any twelve-month period beginning on October 1 in any year and extending to the next succeeding September 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a certificate of the City filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated April __, 2023 executed by the Authority and the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means collectively, RBC Capital Markets, LLC and Cabrera Capital Markets, LLC, the original underwriters of the Bonds.

“*Rule*” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Section (b)(5) of the Rule.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing June 30, 2024, with the report for Fiscal Year 2022-23 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The 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 Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding Fiscal Year, of the type provided in Tables 1, 2, 3, 4, 5, 6, 7, 8, 10 and 13 in the Official Statement for the Bonds in the section therein entitled "CITY FINANCIAL INFORMATION."

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Electronic Municipal Market Access website ("EMMA"). The City shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available on EMMA.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on

EMMA or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (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, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a Financial Obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or other obligated person, any of which affect security holders, if material; or
- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii)

above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 City, 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 or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the stated final maturity of the Bonds, the City shall give notice of such termination in the manner prescribed for a Significant Event in Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either: (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles

and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder 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 City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they 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 Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: May __, 2023

CITY OF LONG BEACH, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Long Beach, California

Names of Issue: \$_____ Finance Authority of Long Beach Lease Revenue Bonds, Series 2023

Date of Issuance: May __, 2023

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated May __, 2023, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

CITY OF LONG BEACH, as Dissemination Agent

By _____
Name _____
Title _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2023 Bonds, payment of principal, redemption premium, if any, and interest with respect to the Series 2023 Bonds to The Depository Trust Company (“DTC”), New York, NY, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2023 Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the Authority of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The City, the Authority, the Trustee and the Underwriters understand that the current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with Participants are on file with DTC.

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 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 Bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest 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. 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 for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by 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 is rated AA+ by Standard & Poor’s. 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 and www.dtc.org.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 ownership interests in the Series 2023 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 ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 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 the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of the Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC, if less than all of the Series 2023 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 each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 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 Issuer 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 the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Series 2023 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 City, 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, the City or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, premium, if any, and interest on the Series 2023 Bonds by Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, 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 2023 Bonds at any time by giving reasonable notice to the City, the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The foregoing information concerning DTC and DTC's book-entry system has been provided by DTC, and neither the Authority nor the Trustee takes any responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

Neither the Authority nor the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2023 Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

The City, the Authority and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Series 2023 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the Authority nor the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2023 Bonds or an error or delay relating thereto.

BOND PURCHASE AGREEMENT

\$[_____] |
Finance Authority of Long Beach
Lease Revenue Bonds,
Series 2023

[____], 2023

Finance Authority of Long Beach
411 West Ocean Boulevard
Long Beach, CA 90802

City of Long Beach, California
411 West Ocean Boulevard
Long Beach, CA 90802

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC, on behalf of itself and as representative (the “**Representative**”) of Cabrera Capital Markets, LLC (collectively, the “**Underwriters**”), hereby offers to enter into this bond purchase agreement (this “**Bond Purchase Agreement**”) with the Finance Authority of Long Beach (the “**Authority**”) and the City of Long Beach, California (the “**City**”). Upon the acceptance hereof by the Authority and the City, this offer will be binding upon the Authority, the City and the Underwriters. This offer is made subject to (a) the written acceptance hereof by the Authority and the City, and (b) withdrawal by the Underwriters upon written notice (given electronically or otherwise) delivered to the Authority and the City at any time prior to the acceptance hereof by each of the Authority and the City.

The City and the Authority acknowledge and agree that: (a) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended; (b) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction among the City, the Authority and the Underwriters and the Underwriters have financial and other interests that differ from those of the City and the Authority; (c) the Underwriters are acting solely as principals and is not acting as municipal advisors, financial advisors or fiduciary to the City or the Authority and have not assumed any advisory or fiduciary responsibility to the City and the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the City or the Authority on other matters); (d) the only obligations the Underwriters have to the City and the Authority with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (e) the City and the Authority have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent they have deemed appropriate.

The Authority and the City hereby acknowledge receipt from the Underwriters of disclosures required by Municipal Securities Rulemaking Board (“**MSRB**”) Rule G-17 (as set forth in MSRB

Notice 2012-25 (May 7, 2012)), relating to disclosures concerning the Underwriters' role in the transaction, disclosures concerning the Underwriters' compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase on the Closing Date (as hereinafter defined), and the Authority hereby agrees to sell and deliver to the Underwriters on the Closing Date, all of its Finance Authority of Long Beach \$[] Lease Revenue Bonds, Series 2023 (the "**Bonds**").

The Bonds shall be dated their date of delivery, and shall mature on the dates and in the principal amounts, bear interest at the rates, have reoffering yields and prices, and be subject to redemption, as shown on Exhibit A hereto.

The purchase price to be paid by the Underwriters for the Bonds is hereby agreed to be \$[], which amount represents the principal amount of the Bonds of \$[], less \$[] representing the Underwriters' discount, plus \$[] representing original issue premium (the "**Purchase Price**"). Such payment and delivery of the Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery being herein sometimes called the "**Closing**" and the date on which they are to occur on [May], 2023, being sometimes called the "**Closing Date**."

The Bonds are being issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6584) of the California Government Code. The Bonds are also being issued pursuant to a resolution of the Authority, adopted on [April 4, 2023] (the "**Authority Resolution**"), and an Indenture of Trust, dated as of [May] 1, 2023 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**").

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Bonds are being issued by the Authority to (a) finance the acquisition and refurbishment of a municipal building; (b) finance various capital improvements of the City; (c) fund a portion of the interest on the Bonds; and (d) pay costs of issuance of the Bonds.

The Bonds are limited obligations of the Authority payable from Revenues consisting primarily of lease payments (the "**Lease Payments**"). The Lease Payments are payable by the City under a Lease Agreement, dated as of [May 1], 2023 (the "**Lease Agreement**"), between the Authority, as lessor, and the City, as lessee.

Under each Lease Agreement, the City is required to make the Lease Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on the respective series of Bonds when due, subject to abatement. All of the Authority's right, title and interest in and to the Lease Agreement (except for the right to receive Additional Payments to the extent payable to the Authority and certain rights to indemnification), including the right to receive Lease Payments under the Lease Agreement, are assigned to the Trustee under each Indenture for the benefit of the Owners of the respective series of Bonds.

A preliminary official statement of the Authority and the City, dated [____], 2023 (together with the Appendices thereto and any supplements or amendments thereto, the “**Preliminary Official Statement**”), has been prepared for use in marketing the Bonds. The Authority and the City will prepare a final official statement to be dated the date hereof (together with the Appendices thereto, and any supplements or amendments thereto, the “**Official Statement**”). The Official Statement shall be in substantially the form of the Preliminary Official Statement, with only such changes and amendments thereto as are necessary to reflect the terms of this Bond Purchase Agreement or as may be mutually agreed upon by the Underwriters, the Authority and the City.

It shall be a condition to the Authority’s obligation to sell and to deliver the Bonds to the Underwriters and to the obligation of the Underwriters to purchase, to accept delivery of and to pay for the Bonds that the entire aggregate principal amount of the Bonds, as authorized by the Indenture, shall be sold and delivered by the Authority and accepted and paid for by the Underwriters at the Closing. The obligation of the Authority to sell and deliver the Bonds to the Underwriters shall also be conditioned upon the delivery by Quint & Thimmig LLP, Bond Counsel (“**Bond Counsel**”), of its approving legal opinions with respect to the Bonds.

The Authority and the City hereby authorize the Underwriters to use and distribute the Lease Agreement, the Indenture, the Preliminary Official Statement and the Official Statement and the information contained in such documents in connection with the public offering and sale of the Bonds. The Authority and the City have authorized the use of the Preliminary Official Statement in connection with the public offering of the Bonds by the Underwriters prior to the date hereof.

Section 2. Offering; Establishment of Issue Price. The Underwriters agree to make an initial bona fide public offering of the Bonds at a price or prices not in excess of the initial offering price or prices or yields not less than the yields set forth in Exhibit A hereto, which prices may be changed from time to time by the Representative after such initial offering as the Representative deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds (but in all cases subject to the requirements of this Section 2), and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth in Exhibit A (but in all cases subject to the requirements of this Section 2). The Representative, on behalf of the Underwriters, agrees to assist the Authority and the City in establishing the issue price of the Bonds and shall execute and deliver to the Authority and the City at Closing an “issue price” certificate, together with supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

[Except as otherwise set forth in Exhibit A attached hereto,] [T]he Authority and the City will treat the first price at which 10% of each maturity of Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Representative shall report to the Authority and the City the price or prices at which the Underwriters have sold to the public each maturity of Bonds. For purposes of this Section, if the Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has been satisfied (the “10% Test Maturities”). Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied (the “Hold-the-Price Maturities”) and for which the Authority, the City and the Underwriters, agrees that the restrictions set forth in the next sentence shall apply, which will allow the Authority and the City to treat the initial offering price to the public of each such Hold-the-Price Maturities as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Hold-the-Price Maturities of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the Authority and the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Authority and the City acknowledge that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Authority and the City further acknowledge that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial

sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 3. The Bonds. The Bonds will be issued, executed and delivered pursuant to the Indenture. The City Council of the City adopted a resolution on [April 18], 2023, relating to the Bonds and approving the form and authorizing the execution of related documents, including the Lease Agreement (the “*City Resolution*”).

This Bond Purchase Agreement, the Lease Agreement, the Site and Facility Lease, dated as of [May 1], 2023, (the “*Site and Facility Lease*”), by and between the City, as lessor, and the Authority, as lessee, and the Continuing Disclosure Certificate (as hereinafter defined), are collectively referred herein to as the “*City Documents*.” This Bond Purchase Agreement, the Indenture, the Site and Facility Lease and the Lease Agreement are collectively referred to herein as the “*Authority Documents*.”

Section 4. Official Statement, Continuing Disclosure.

(a) The Authority and the City represent that they have deemed the Preliminary Official Statement to be final as of its date, except for any information that is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “*Rule*”), including revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to the Rule.

(b) The Authority agrees to deliver to the Underwriters, at such addresses as the Underwriters shall specify, as many copies of the Official Statement as the Underwriters shall reasonably request as necessary to comply with the Rule, MSRB Rule G-32 and all other applicable rules of the MSRB. The Authority agrees to deliver the Official Statement within seven business days after the execution hereof, and in any event not later than two business days before the Closing Date. The Representative agrees to give notice to the Authority on the date after which the Underwriters shall no longer be obligated to deliver the Official Statements pursuant to paragraph (b)(4) of the Rule, which date shall be no earlier than 25 days after the “end of the underwriting period,” as determined in accordance with Section 13 hereof.

(c) The Authority and the City agree that, for a period between the date hereof and the date which is 25 days after the “end of the underwriting period” (as defined in the Rule), if any event of which they have actual knowledge occurs as a result of which the information in the Official Statement as then in existence would include any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the Authority and the City shall promptly prepare, or cooperate in the preparation of, an amendment or supplement to the Official Statement which will correct such statement or omission. The Authority and the City shall advise the Representative promptly of any proposal to so amend or supplement the Official Statement and shall effect such amendment or supplement in a form reasonably approved by the Representative. The Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading. The Authority and the City shall promptly advise the Representative of the commencement of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(d) In order to assist the Underwriters in complying with the Rule, the City hereby covenants and agrees that it will, on or prior to the Closing Date, enter into separate continuing disclosure certificates for each series of the Bonds to provide annual financial and operating information and notices of the occurrence of specified events in the forms attached as Appendix E to the Official Statement (the “*Continuing Disclosure Certificates*”).

(e) The Representative agrees to file the Official Statement with the MSRB through the MSRB’s Electronic Municipal Market Access system or as otherwise provided by the Securities and Exchange Commission or the MSRB within one business day after receipt thereof from the Authority and the City, but in no event later than the Closing Date.

Section 5. Representations, Warranties and Agreements of the City. The City represents and warrants to, and agrees with the Authority and the Underwriters, as follows:

(a) The City is a municipal corporation and chartered city duly organized and validly existing under the Constitution and laws of the State of California (the “*State*”).

(b) The City has full legal right, power and authority (i) to enter into, execute and deliver the City Documents; and (ii) to carry out and consummate the transactions on its part contemplated by the City Documents, the Preliminary Official Statement and the Official Statement.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and approved the distribution thereof, has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents, and the consummation by it of all other transactions on its part contemplated by the City Documents, all pursuant to the City Resolution adopted at a meeting duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the members of the City Council of the City was continuously present. The City Resolution has not been modified, amended or rescinded since the date of its adoption.

(d) The City has executed and delivered, or will execute and deliver on or before the Closing Date, each of the City Documents. Each of the City Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the City enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the City Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the City Documents) or other instrument to which the City is a party which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery by the City of the City Documents, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as provided by the City Documents.

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents or the consummation by it of all other transactions on its part contemplated by the City Documents have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(g) There is no action, suit, proceeding, inquiry or investigation, notice of which has been duly served on the City, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the City executing this Bond Purchase Agreement, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds pursuant to the Indenture, or contesting or affecting as to the City the validity or enforceability of the Bonds or the City Documents, or

contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City to cause the execution and delivery by the City of the City Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the officer of the City executing this Bond Purchase Agreement, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Bonds or the authorization, execution, delivery or performance by the City of the City Documents.

(h) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and the Underwriters shall bear all costs in connection with the foregoing.

(i) As of the date thereof and at all times up to the City’s acceptance of this Bond Purchase Agreement, the information in the Preliminary Official Statement (other than information relating to the Underwriters and DTC and its book-entry system, as to which no representation is made) was and is true and correct, and the Preliminary Official Statement (other than information relating to the Underwriters and DTC and its book-entry system, as to which no representation is made) did not and does not, except for the omission of certain information permitted to be omitted in accordance with the Rule, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) At the time of the City’s acceptance hereof, and (unless an event occurs of the nature described in Section 4(c) hereof) at all times subsequent thereto up to and including the Closing Date, the information in the Official Statement (other than information relating to the Underwriters and DTC and its book-entry system, as to which no representation is made) is and will be true and correct, and the Official Statement (other than information relating to the Underwriters and DTC and its book-entry system, as to which no representation is made) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) If the Official Statement is supplemented or amended pursuant to Section 4(c) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than information relating to the Underwriters and DTC and its book-entry system) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 13 hereof) any event shall occur affecting the City which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Representative thereof, and if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense prepare and furnish to the Representative a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form reasonably approved by the Representative and the Authority.

(m) Any certificate signed by any officer of the City and delivered to the Representative pursuant to the City Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(n) So long as any of the Bonds are outstanding, the City will not issue or sell, or cause to be issued or sold, any bonds or other obligations the interest on or principal of which will be payable from Lease Payments.

(o) The City shall honor all covenants on its part contained in the Lease Agreement.

(p) Except as otherwise described in the Preliminary Official Statement in the last five years, the City has not failed to comply in all material respects with any undertaking of the City pursuant to the Rule.

(q) The audited financial statements of the City appended to the Preliminary Official Statement and the Official Statement for the City's fiscal year ended September 30, 2022, and any stub financial information presented in the body thereof, fairly present the financial position and results of the City as of the dates and for the periods set forth therein. Prior to the Closing Date, there will have been no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the City. The City is not a party to any litigation or other proceeding pending with respect to which the City has been served with process, or to the knowledge of the officer of the City executing this Bond Purchase Agreement, threatened, which if, decided adversely to the City, would have a materially adverse effect on the financial condition of the City.

Section 6. Representations, Warranties and Agreements of the Authority. The Authority represents warrants to, and agrees with the City and the Underwriters, as follows:

(a) The Authority is a joint exercise of powers entity duly organized and validly existing under the laws of the State pursuant to a Joint Exercise of Powers Agreement, dated as of December 8, 2015 (the "*JPA Agreement*"), by and between the City and the Housing Authority of the City of Long Beach.

(b) The Authority has full legal right, power and authority (i) to enter into, execute and deliver the Authority Documents and to sell and deliver the Bonds to the Underwriters as provided herein; and (ii) to carry out and consummate the transactions on its part contemplated by the Authority Documents, the Preliminary Official Statement and the Official Statement.

(c) By all necessary official action, the Authority has duly authorized and approved the issuance of the Bonds and the execution and delivery by it of the Authority Documents, has duly authorized and approved the Preliminary Official Statement and approved the distribution thereof, has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations in connection with the execution and delivery of the Bonds on its part contained in the Bonds and the Authority Documents, and the consummation by it of all other transactions on its part contemplated by the Authority Documents in connection with the execution and delivery of the Bonds, all pursuant to the Authority Resolution adopted at a meeting of its Board of Directors duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the Board of Directors of the Authority was continuously present. The Authority Resolution has not been modified, amended or rescinded since the date of its adoption and each Authority Document is the valid and binding obligation of the Authority.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or the JPA Agreement, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Authority Documents) or other instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under the Bonds or the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery by the Authority of the Bonds and the Authority Documents, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Authority Documents.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations in connection with the execution and delivery of the Bonds under the Authority Documents or the consummation by it of all other transactions on its part contemplated by the Authority Documents have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having

jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Bonds and the Authority Documents have been duly obtained.

(f) The Indenture and the Bonds conform to the descriptions thereof contained in the Official Statement and the Bonds, when executed, issued, authenticated and delivered in accordance with the Indenture, and sold to the Underwriters as provided herein, will be validly executed and outstanding limited obligations of the Authority, entitled to the benefits of the Indenture, and upon such execution and delivery, the Indenture will provide, for the benefit of the Owners from time to time of the Bonds, the legally valid and binding security interest it purports to create.

(g) The Authority has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Authority Documents. Each of the Authority Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the City enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the Authority Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(h) There is no action, suit, proceeding, inquiry or investigation, notice of which has been duly served on the Authority, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the Authority executing this Bond Purchase Agreement, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance, execution or delivery of the Bonds pursuant to the Indenture, or contesting or affecting as to the Authority the validity or enforceability of the Bonds or the Authority Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority to cause the execution and delivery of the Bonds, or the execution and delivery or adoption by the Authority of the Authority Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the officer of the Authority executing this Bond Purchase Agreement, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Bonds or the authorization, execution, delivery or performance by the Authority of its obligations under or with respect to the Bonds or the Authority Documents.

(i) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or

determination in any jurisdiction, and the Underwriters shall bear all costs in connection with the foregoing.

(j) As of the date thereof and at all times up to the Authority's acceptance of this Bond Purchase Agreement, the information regarding the Authority in the Preliminary Official Statement was and is true and correct and did not, except for the omission of certain information permitted to be omitted in accordance with the Rule, contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make the statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading.

(k) At the time of the Authority's acceptance hereof, and (unless an event occurs of the nature described in Section 4(c) hereof) at all times subsequent thereto up to and including the Closing Date, the information regarding the Authority in the Official Statement is and will be true and correct and does not and will not contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make the statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended pursuant to Section 4(c) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the information regarding the Authority in the Official Statement as so supplemented or amended will be true and correct and will not contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make the statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading.

(m) If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 13 hereof) any event shall occur affecting the Authority which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Representative, and if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will, at the expense of the City, cooperate with the City in the preparation of, and furnish to the Underwriters a reasonable number of copies of, such supplement to, or amendment of, the Official Statement in a form reasonably approved by the Representative and the City.

(n) Any certificate signed by any officer of the Authority and delivered to the Representative pursuant to the Authority Documents or any document contemplated thereby shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein.

(o) The Authority will cause the proceeds from the sale of the Bonds to be paid to the Trustee for the purposes specified in the Indenture and the Official Statement. So long as any of the Bonds are outstanding and except as may be authorized by the Indenture, the

Authority will not issue or sell any Bonds or other obligations, other than the Bonds delivered thereunder, the interest on and premium, if any, or principal of which will be payable from the Revenues.

(p) The Authority shall honor all covenants on its part contained in the Indenture and the Lease Agreement.

Section 7. Closing. At 8:00 a.m., California time, on the Closing Date the Authority will, subject to the terms and conditions hereof, deliver to the Underwriter, through the facilities of The Depository Trust Company (“**DTC**”), the Bonds in definitive, fully registered form (one Bond for each maturity of each series of the Bonds), duly executed and registered in the name of Cede & Co. as nominee of DTC; and, subject to the terms and conditions hereof, the Underwriters shall wire to the Trustee Federal Reserve Bank Funds in the amount of the Purchase Price. Physical delivery of the Bonds shall be made to the Trustee, as agent for DTC under the Fast Automated Securities Transfer System.

Section 8. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the City of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters’ obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Authority and the City of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, shall be subject, at the option of the Representative, to the accuracy in all material respects of the statements made by the officers and other officials of the Authority and of the City, Bond Counsel, the Trustee, and counsel to the Authority and the City in any certification or other documents furnished pursuant to the provisions hereof, and shall also be subject to the following additional conditions:

(a) The respective representations and warranties of the Authority and the City contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative.

(c) All necessary official action of the Authority and the City relating to the City Documents and the Authority Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(d) Subsequent to the date hereof, there shall not have occurred any change in or affecting particularly the Authority, the City or the Bonds, as the foregoing are described in the Official Statement, which in the reasonable opinion of the Representative materially impairs the investment quality of the Bonds.

(e) At or prior to the Closing Date, the Representative shall have received each of the following documents:

- (i) specimen copies of the Bonds;
- (ii) the Official Statement and each supplement or amendment, if any, thereto, executed by authorized officers of the Authority and the City;
- (iii) copies of the Indenture, executed by the parties thereto;
- (iv) copies of the Site and Facility Lease, executed by the parties thereto;
- (v) copies of the Lease Agreement, executed by the parties thereto;
- (vi) copies of the Continuing Disclosure Certificate, executed by the City;
- (vii) a certified copy of the JPA Agreement;
- (viii) a receipt from the Trustee for the proceeds of the Bonds;
- (ix) a certificate or certificates of the City, dated the Closing Date, to the effect that:

(A) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the City has complied with all of the terms and conditions of this Bond Purchase Agreement required to be complied with by the City at or prior to the Closing Date;

(B) none of the proceedings or authority for (1) the authorization, sale, execution and delivery of the Bonds; (2) the adoption of the City Resolution; or (3) the execution and delivery by the City of the City Documents and performance of its obligations thereunder, has been repealed, modified, amended, revoked or rescinded;

(C) subsequent to September 30, 2022, and prior to Closing, there has been no material adverse change in the financial position of the City;

(D) no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(E) the information and statements contained in the Official Statement (other than information relating to the Underwriters and DTC and its book-entry system) do not contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements therein, in the light of the circumstances under which they were made, not misleading; and to the best knowledge of the officers of the City executing the certificate after

reasonable investigation, the City is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(F) no consent is required for the inclusion of the City's audited financial statements for the Fiscal Year ending September 30, 2022 in the Preliminary Official Statement and the Official Statement;

(G) the City is in compliance in all material respects, with the terms of the City Documents;

(H) the Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE SERIES 2023 BONDS" and the proceeds of sale of the Bonds will be applied as described in the Official Statement under the captions "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCING"; and

(I) there is no lawsuit, regulatory or other action now pending with respect to which the City has been given notice, or, to the best knowledge of the officer of the City executing the certificate, threatened, to attempt to limit, enjoin or otherwise restrict or prevent the City from making the Lease Payments under the Lease Agreement;

(x) a certificate or certificates of the Authority, dated the Closing Date, to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the Authority has complied with all of the terms and conditions of this Bond Purchase Agreement required to be complied with by the Authority at or prior to Closing Date;

(B) none of the proceedings or authority for (1) the authorization, sale, execution and delivery of the Bonds; (2) the adoption of the Authority Resolution; or (3) the execution and delivery by the Authority of the Authority Documents, has been repealed, modified, amended, revoked or rescinded;

(C) no event affecting the Authority has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein with respect to the Authority not misleading in any material respect; and

(D) the information and statements contained in the Official Statement with respect to the Authority do not contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make such statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading; and to the best of the knowledge of the officer of the Authority executing the certificate after reasonable investigation, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(xi) an opinion, dated the Closing Date and addressed to the Representative, the Trustee, and the Authority, of the City Attorney, to the effect that:

(A) the City is a municipal corporation and chartered city duly organized and validly existing under the Constitution and laws of the State;

(B) the City Documents have been duly approved by the City Resolution, which City Resolution was adopted at a meeting duly called and held in accordance with the requirements of all applicable laws, with all public notice required by law, and at which a quorum of the members of the City Council of the City was continuously present and the City Resolution has not been modified, amended or rescinded since the date of its adoption;

(C) except as described in the Official Statement, there is no litigation, inquiry, or investigation pending with respect to which the City has been served with process or to the best of such counsel's knowledge after due inquiry, threatened, which: (1) challenges the right or title of any member of the City Council of the City or officer of the City to hold his or her office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds or the City Documents; (3) seeks to restrain or enjoin the sale of the Bonds or the execution and delivery by the City of, or the performance by the City of its obligations under, the City Documents or in which a final adverse decision could materially adversely affect the operations of the City; or (4) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, nor, to the best of such counsel's knowledge, is there any basis therefor;

(D) the execution and delivery by the City of, and the performance by the City of its obligations under, the City Documents, do not conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the City is a party or by which it is bound and of which such counsel has knowledge;

(E) the City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery of the City Documents by the other parties thereto, the City Documents constitute legal, valid and binding agreements of the City, enforceable against the City in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, or by the application of equitable principles if equitable remedies are sought;

(F) except as may be required under the "blue sky" or securities laws of the United States or any state, there is no authorization, approval, consent or other order of, or filing with, or certification by, the State or any other governmental authority or agency within the State having jurisdiction over the City required for the issuance of the Bonds or the consummation by the City of the transactions on its part contemplated by the Official Statement and the City Documents; and

(G) based on the information made available to the City Attorney, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to his attention which would lead him to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, and the information with respect to the Underwriters or DTC and its book entry system as to all of which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) an opinion or opinions, dated the Closing Date and addressed to the Representative, and the Trustee of the City Attorney in his capacity as counsel for the Authority, to the effect that:

(A) the Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State pursuant to the JPA Agreement;

(B) the Authority Documents have been duly approved by the Authority Resolution which were adopted at a meeting of the Board of Directors of the Authority duly called and held in accordance with the requirements of all applicable laws, with all public notice required by law, and at which a quorum of the members of the Board of Directors of the Authority was continuously present and the Authority Resolution has not been modified, amended or rescinded since the date of its adoption;

(C) except as described in the Official Statement, there is no litigation, inquiry, or investigation pending with respect to which the Authority has been served with process or to the best of such counsel's knowledge after due inquiry, threatened, which: (1) challenges the right or title of any member

of the Board of Directors of the Authority or officer of the Authority to hold his or her office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds or the Authority Documents; (3) seeks to restrain or enjoin the sale of the Bonds or the execution and delivery by the Authority of, or the performance by the Authority of its obligations under, the Authority Documents or in which a final adverse decision could materially adversely affect the operations of the Authority; or (4) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, nor, to the best of such counsel's knowledge, is there any basis therefor;

(D) the execution and delivery by the Authority of, and the performance by the Authority of its obligations under, the Authority Documents, do not conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Authority is a party or by which it is bound and of which such counsel has knowledge;

(E) the Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Authority Documents by the other parties thereto, the Authority Documents constitute legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, or by the application of equitable principles if equitable remedies are sought;

(F) except as may be required under the "blue sky" or securities laws of the United States or any state, there is no authorization, approval, consent or other order of, or filing with, or certification by, the State or any other governmental authority or agency having jurisdiction over the Authority required for the issuance of the Bonds or the consummation by the Authority of the transactions on its part contemplated by the Official Statement and the Authority Documents; and

(G) based on the information made available to counsel to the Authority, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement under the captions entitled "INTRODUCTION—The Authority," "THE AUTHORITY" and "LITIGATION," nothing has come to such counsel's attention that would lead such counsel to believe that the statements contained under the above-referenced captions as of the date of the Official Statement and as of the date of Closing contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) opinions, dated the Closing Date and addressed to the Authority, of Bond Counsel, substantially in the forms set forth in Appendix D to the Official Statement, together with a letter from such counsel, dated the Closing Date and addressed to the Representative, to the effect that the foregoing opinions may be relied upon by the Representative to the same extent as if such opinions were addressed to the Representative;

(xiv) a supplemental opinion, dated the Closing Date and addressed to the Representative, of Bond Counsel, to the effect that:

(A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) the Bond Purchase Agreement has been duly executed and delivered by the Authority and the City and is a valid and binding agreement of the Authority and the City, subject to customary exceptions;

(C) the statements contained in the Official Statement under the captions “THE SERIES 2023 BONDS,” “SECURITY FOR THE SERIES 2023 BONDS” and “TAX MATTERS,” and in “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” and “APPENDIX D—PROPOSED FORMS OF BOND COUNSEL OPINION,” are accurate in all material respects insofar as such statements expressly summarize certain provisions of the Indenture, the Lease Agreement, certain tax matters relating to the Bonds and the final opinion of Bond Counsel;

(xv) a letter, dated the Closing Date and addressed to the Authority and the Representative of Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel (“*Disclosure Counsel*”), to the effect that based upon its participation in the preparation of the Official Statement as Disclosure Counsel, without assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement nor making any representation regarding independent verification of the accuracy, completeness or fairness of any of the statements contained in the Official Statement, such counsel advises that during the course of such representation of the City and the Authority as disclosure counsel on this matter, no information came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date or as of the Closing Date (except for any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the information in Appendices A, B, C, D and F to the Official Statement or any information about book-entry or DTC included therein, as to which no opinion or view is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xvi) an opinion of Nixon Peabody LLP, Underwriters’ counsel, satisfactory to the Representative;

(xvii) a certificate of an authorized officer of the Trustee satisfactory to the Representative and the City, certifying substantially as follows:

(A) the Trustee is a national banking association duly organized and in good standing under the laws of the United States of America and has all necessary power and authority to enter into the Indenture and to perform its duties under the Indenture;

(B) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriters pursuant to the terms of the Indenture and, when executed by the Authority, the Indenture will constitute a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms;

(C) the Bonds have been duly authenticated and delivered to the Underwriters pursuant to direction from the Authority;

(D) the Trustee is not in breach of or default under any law or administrative rule or regulation of the State or of any department, division, agency or instrumentality thereof, of any applicable court or administrative decree or order, or any other material instrument to which the Trustee is a party or is otherwise subject or bound and which would materially impair the ability of the Trustee to perform its obligations under the Indenture;

(E) to the knowledge of the Trustee, there is no action, litigation, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending and served on or threatened against or affecting the existence of the Trustee, seeking to restrain or enjoin the authentication of any of the Bonds by the Trustee, or contesting or affecting the powers of the Trustee or its authority to execute, deliver, enter into and perform its obligations under the Indenture to which it is a party or its authority to authenticate the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds or the Indenture to which it is a party;

(F) the execution and delivery of the Indenture will not conflict with or constitute a breach of or default under the Trustee's duties under such documents, or any law, administrative regulation, court decree, resolution, articles of association, bylaws or other material agreement to which the Trustee is subject or by which it is bound; and

(G) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication and delivery of the Bonds, the execution and delivery of the Indenture, the performance of the Trustee's duties under the Indenture or the consummation by the Trustee of the other transactions contemplated by the Indenture, except as such may be required under the state securities or "blue sky" laws in connection with the distribution of the Bonds by the Underwriters;

(xviii) Reserved.

(xix) an opinion of counsel to the Trustee in form and substance acceptable to the Representative and Bond Counsel;

(xx) 15c2-12 certificates, dated the date of the Preliminary Official Statement, of the City and the Authority;

(xxi) certified copies of the City Resolution and the Authority Resolution;

(xxii) evidence that Fitch Ratings and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, have assigned ratings of "[AA-]" and "[AA-]", respectively, to the Bonds;

(xxiii) an Arbitrage Certificate relating to the Bonds in a form satisfactory to Bond Counsel;

(xxiv) evidence satisfactory to Bond Counsel and the Underwriter, of the insurance, including a CLTA title insurance policies, required to be obtained pursuant to the Lease Agreement;

(xxv) a copy of the Blanket Letter of Representations from the Authority to DTC;

(xxvi) a transcript of the proceedings relating to the authorization, issuance, execution and delivery of the Bonds; and

(xxvii) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the City's and the Authority's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City and the Authority on or prior to the date of the Closing of all the agreements then to be performed and conditions then to be satisfied by each of them.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to Bond Counsel, Disclosure Counsel and the Representative.

If the Authority and the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriters, the Authority or the City shall be under any further obligation hereunder.

Section 9. Termination. The Underwriters shall have the right to terminate its obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by

notifying the Authority and the City in writing, of its election to do so, if, after the execution hereof and prior to the Closing:

(a) an amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the City or the Authority or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the City, the Authority, its property or income, their securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

(b) legislation shall have been introduced in or enacted, resolution passed, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, or escalation thereof, including a financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a

material disruption or deterioration in the fixed income or municipal securities market; the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Representative, would materially adversely affect the market for or market price of the Bonds; or

(e) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Representative, would materially adversely affect the market for or market price of the Bonds; or

(f) a general banking moratorium shall have been declared by federal, New York, or California authorities; or

(g) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Authority or the City; or

(h) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(i) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriters; or

(j) a rating on the Bonds or on any other general fund secured bonds or notes or other obligations of the City, shall have been placed on review, downgraded, suspended, withdrawn or changed to negative watch in credit watch status by a national rating service which, in the opinion of the Representative, materially adversely affects the market price of the Bonds; or

(k) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City or the Authority, or their property, income, or securities (or interest thereon); or

(l) any event shall occur, or information become known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(m) any fact or event shall exist or have existed that, in the Representative's judgment, requires or has required an amendment of or supplement to the Official Statement; or

(n) there shall have occurred any materially adverse change in the affairs or financial condition of the City, other than as disclosed in the Official Statement; or

(o) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided, shall be prohibited by any applicable law, governmental authority, board, agency or commission.

If this Bond Purchase Agreement shall be terminated pursuant to Section 8 hereof or this Section 9, or if the purchase of the Bonds provided for herein is not consummated because any condition to the Underwriters' obligations hereunder is not satisfied or because of any refusal, inability or failure on the part of the City or the Authority to comply with any of the terms or to fulfill any of the conditions of this Bond Purchase Agreement, or if for any reason the City or the Authority shall be unable to perform all of its respective obligations under this Bond Purchase Agreement, none of the City or the Authority shall be liable to the Underwriters for damages on account of loss of anticipated profits arising out of the transactions covered by this Bond Purchase Agreement. The Representative may, in its sole discretion, waive any of the conditions set forth in Section 8 hereof or this Section 9.

Section 10. Payment of Costs and Expenses.

(a) All costs and expenses incident to the sale and delivery of the Bonds to the Underwriters shall be payable by the Authority from the proceeds of the Bonds, including, but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the fees and expenses of the City, its counsel, municipal advisor and consultants; (iii) the fees and expenses of the Authority, its counsel and consultants; (iv) the fees and expenses of Bond Counsel; (v) the fees and expenses of Disclosure Counsel; (vi) all expenses in connection with the preparation and printing of the Bonds; (vii) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; (viii) the initial fees and expenses of the Trustee, including the reasonable fees and expenses of its counsel; and (ix) the fees and expenses of any rating agency rating the Bonds.

(b) The Underwriters shall pay all expenses incurred by them in connection with the public offering and distribution of the Bonds including, but not limited to: (i) the fees and disbursements of Underwriters' Counsel, and (ii) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including, air travel and hotel accommodations in connection with the pricing of the Bonds; investor meetings, rating agency trips and meetings; the Closing; meals and transportation for the City, the Underwriters and other working group personnel during rating agency, investor meetings; pricing and Closing trips; expenses related to attending working group meetings, such as parking, meals and transportation and any other miscellaneous costs associated with the Closing; (iii) all other expenses incurred by the Underwriters in connection with the public offering and distribution of Bonds, except as provided in Section 10(a) hereof or as otherwise agreed to by the Underwriters, the Authority and the City; and (iv) the fees of the California Debt and Investment Advisory Commission. Such items may be included as an expense component of the Underwriter's discount.

The Authority and the City acknowledge that they have had an opportunity, in consultation with such advisors as they may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

Section 11. Notices. Any notice or other communication to be given under this Bond Purchase Agreement to a party hereto may be given by delivering the same in writing:

to the Authority: Finance Authority of Long Beach
411 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: Treasurer/Auditor

to the City: City of Long Beach
411 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: Treasurer

to the Representative: RBC Capital Markets, LLC
777 S. Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: John Solarczyk

Section 12. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriters (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's and the City's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement, and (c) any termination of this Bond Purchase Agreement.

Section 13. Determination of End of the Underwriting Period. For purposes of this Bond Purchase Agreement, the end of the underwriting period for the Bonds shall mean the earlier of (a) the Closing Date unless the City and the Authority have been notified in writing by the Representative, on or prior to the Closing Date, that the "end of the underwriting period" for the Bonds for all purposes of the Rule will not occur on the Closing Date; or (b) the date on which notice is given to the City and the Authority by the Representative in accordance with the following sentence. In the event that the Representative has given notice to the City and the Authority pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the Closing Date, the Representative agrees to notify the City and the Authority in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule.

Section 14. No Assignment. This Bond Purchase Agreement is entered into among the City, the Authority and the Representative, and none of them shall assign any right or obligation hereunder without the prior written consent of the other parties hereto.

Section 15. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by an authorized representative of the City and an authorized representative of the Authority, and shall be valid and enforceable at the time of such acceptance.

Section 16. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

Section 17. Governing Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in California.

Section 18. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page follows]

If the foregoing is in accordance with your understanding of this Bond Purchase Agreement please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the City, the Authority and the Underwriters in accordance with its terms.

Very truly yours,

RBC CAPITAL MARKETS, LLC
CABRERA CAPITAL MARKETS, LLC

BY: RBC CAPITAL MARKETS, LLC, as
Representative

By: _____
Authorized Signatory

Accepted by:

FINANCE AUTHORITY OF LONG BEACH

By _____
[]

CITY OF LONG BEACH, CALIFORNIA

By _____
[]

[Signature page to Bond Purchase Agreement]

EXHIBIT A *

\$[_____]
Finance Authority of Long Beach
Lease Revenue Bonds,
Series 2023

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

Maturity Date ([_____] 1)	Principal Amount	Interest Rate	Yield	Price
	\$	%	%	%

REDEMPTION PROVISIONS

[Update if optional or sinking fund redemption is added]

Extraordinary Redemption From Insurance or Condemnation Proceeds

The Bonds shall be subject to redemption as a whole or in part on any date, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the City to be used for such purpose as provided in Section 5.06 of the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

* [No Hold-The-Price Maturities, at least 10% of each maturity was sold.]

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of RBC Capital Markets, LLC and as representative of Cabrera Capital Markets, LLC (collectively, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the \$[] Finance Authority of Long Beach Lease Revenue Bonds, Series 2023 (the “Bonds”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Tax Certificate relating to the Bonds, to which this certificate is attached.

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the [Bonds][General Rule Maturities], the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price-Maturities.***

[The Underwriter offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

As set forth in the Bond Purchase Agreement, the Underwriting Group has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”) nor would they permit a related party to do so, and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreements, no Underwriter has offered or sold any unsold Bonds of any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. ***Defined Terms.***

General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

[Hold-the-Offering-Price Maturities] means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold the Offering Price Maturity.]

Issuer means Finance Authority of Long Beach.

Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [May _], 2023.

Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

4. ***Other Certifications.***

(a) The aggregate of the Initial Offering Prices of the Bonds is \$[_____].

(b) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the arbitrage yield with respect to the Bonds.

(c) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the weighted average maturity of the Bonds. We have performed this calculation using the following formula: we calculated the total number of bond years and divided that number into the total initial offering price of the bonds of the offering. For purposes of calculating the total bond years, we calculated the sum of the products of each respective maturity’s initial offering price and the number of years from the dated date to each respective maturity, doing so on a 12-month, 360-day year basis.

We express no view regarding the legal sufficiency of the above computations or the correctness of any legal interpretation made by Bond Counsel. Further, notwithstanding the Underwriter having performed the calculations as set forth in the Statistics using the DBC Software, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for

federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

RBC Capital Markets, LLC, as Representative of the
Underwriting Group

By: _____
Authorized Representative

Dated: [May __], 2023

SCHEDULE A
SALE PRICES OF THE [GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD THE OFFERING PRICE MATURITIES]/[BONDS]

(Attached)

MATURITY SCHEDULE

Maturity Date ([_____] 1)	Principal Amount	Interest Rate	Yield	Price
	\$	%	%	%

[†]*General Rule Maturities

^{**}*Hold the Offering Price Maturities]