

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

RESOLUTION NO. RES-09-0064

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING AND APPROVING THE PURCHASE AND RESTRUCTURING OF BONDS ISSUED BY THE LONG BEACH BOND FINANCE AUTHORITY, AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS RELATING THERETO, AND DELEGATING AUTHORITY TO OFFICERS IN CONNECTION THEREWITH

WHEREAS, the City of Long Beach (the "City") is a municipal corporation and charter city duly organized and existing under its charter (the "Charter") and the Constitution of the State of California (the "State"); and

WHEREAS, the Long Beach Bond Finance Authority (the "Authority") has heretofore issued its Long Beach Bond Finance Authority Natural Gas Purchase Revenue Bonds Series 2007A (the "Series 2007A Bonds") and the Long Beach Bond Finance Authority Natural Gas Purchase Revenue Bonds Series 2007B (the "Series 2007B Bonds" and, together with the Series 2007A Bonds, the "Bonds") in order to finance the acquisition of a long-term supply of natural gas, for sale to the City over a period of years; and

WHEREAS, the City and the Authority have heretofore entered into a Natural Gas Supply Agreement dated September 13, 2007 (the "Supply Agreement"), in order to provide for the sale and delivery of such supply of natural gas; and

WHEREAS, the Authority has sold the Bonds to Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill") and has used the proceeds to prepay for a natural gas supply from Merrill Lynch Commodities, Inc. (the "Seller"); and

WHEREAS, the Authority and the City have been advised that the Bonds

1 are currently trading at a discount to par, primarily due to investors' perceptions regarding
2 the stability of financial institutions; that under current market conditions a number of
3 these investors would be willing to tender their Bonds at a discount to par; and that upon
4 the tender of Bonds, the Seller would reduce its future obligation to deliver gas by the
5 proportion of Bonds tendered, and would pay the Authority the tender price for the Bonds
6 and a negotiated portion of the present value of unearned savings based on the par
7 amount and maturities of Bonds tendered; and

8 WHEREAS, the City has determined that such tender would result in
9 substantial savings to the Authority and the City; and

10 WHEREAS, the City has determined that such tender would require the
11 amendment of the Supply Agreement to reflect lower daily contract quantities; and

12 WHEREAS, there have been presented to this meeting a proposed form of
13 Amendment to Natural Gas Supply Agreement (the "Amendment to Supply Agreement")
14 between the Authority and the City, as well as proposed forms of various other
15 documents to be entered into by the Authority or to be distributed on its behalf in
16 connection with the solicitation of tenders of the Bonds (the "Authority Documents"); and

17 WHEREAS, the City has determined that it is to the City's advantage and in
18 the public interest of the inhabitants of the City, to enter into the Amendment to Supply
19 Agreement and for the Authority to enter into the other Authority Documents;

20 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
21 follows:

22 Section 1. Findings and Determinations. The City Council hereby finds
23 and determines that the foregoing recitals are true and correct.

24 Section 2. Approval of Authority Transaction. The City Council hereby
25 approves the purchase by the Authority of a portion of the Bonds, to the extent tendered
26 by the owners thereof, and the execution and delivery by the Authority of the Authority
27 Documents, each in substantially the form presented to this meeting with such changes
28 therein as the City Attorney shall deem appropriate. The City Council hereby further

1 approves the use of the information about the City's Gas and Oil Department contained in
2 the Information Statement to accompany the invitation to tender the Bonds for purchase,
3 in the form presented to this meeting with such changes therein as the City Attorney shall
4 deem appropriate.

5 Section 3. Approval of Amendment to Supply Agreement. The
6 Amendment to Supply Agreement, in substantially the form presented to the City Council,
7 is hereby approved. The Mayor, City Manager, Director of Financial Management, and
8 Treasurer, and any Acting Director of Financial Management or Acting Treasurer (the
9 "Designated Officers"), each acting singly, is hereby authorized to execute and deliver to
10 the Authority, the Amendment to Supply Agreement in the name of and on behalf of the
11 City, in substantially the form presented to the City Council, with such changes, insertions
12 and deletions as may be approved by the Designated Officers executing the Amendment
13 to Supply Agreement, with advice of the City Attorney, said execution being conclusive
14 evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

15 Section 4. Official Actions. The Designated Officers, the City Clerk and
16 any and all other officers of the City are hereby authorized and directed, for and in the
17 name and on behalf of the City, to do any and all things and take any and all actions,
18 including execution and delivery of any and all documents and certificates which they, or
19 any of them, may deem necessary or advisable in order to consummate the transactions
20 contemplated herein and perform the obligations of the City under any of the documents
21 authorized herein. In addition, to the extent the Supply Agreement requires additional
22 amendment to reflect the reduction of various amounts in the event of any future
23 purchase or redemption of Bonds, the Designated Officers are hereby authorized and
24 directed to execute and deliver any such additional amendments without further action by
25 this City Council.

26 Section 5. Capitalized terms used herein and not otherwise defined shall
27 have the meanings given such terms in the Supply Agreement.

28 Section 6. This resolution shall take effect immediately upon its adoption

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1 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

2 I hereby certify that the foregoing resolution was adopted by the City
3 Council of the City of Long Beach at its meeting of July 7, 2009 by the
4 following vote:

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6 Ayes: Councilmembers: Garcia, S. Lowenthal, DeLong,
7 O'Donnell, Schipske, Andrews,
8 Reyes Uranga, Gabelich, Lerch.
9 _____

10 Noes: Councilmembers: None.
11 _____

12 Absent: Councilmembers: None.
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17 _____
18 City Clerk

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