

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

September 19, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution authorizing the issuance and sale of the 2006 Open Space lease revenue bonds to fund the expansion of parks and open space in underserved communities, in an amount not to exceed \$25 million, and authorize the City Manager to execute all necessary documents.
(Districts 1, 2, 4, 6, 7, 9)

DISCUSSION

On June 20, 2006, the City Council approved an action authorizing the City Manager to develop bond documents in preparation to finance the expansion of parks and open space in under served communities; and return to the City Council with the proposed financing and issuance of debt in an amount not to exceed \$25 million (Attachment A). This action was subsequent to an action taken at the Council meeting of August 9, 2005 directing staff to research possible financing options for such a debt issue.

The proposed projects (Attachment B) will go a long way in addressing the City's open space policy to expand park space in the central, north and west neighborhoods. The proposed locations were selected by targeting existing parks in densely populated communities that could be expanded. This approach of leveraging existing locations is believed to be the most cost effective given the high cost of land. Some new parks are being proposed in areas where parks do not currently exist. As the sites exist within Community Development Block Grant (CDBG) and Redevelopment areas, staff is recommending these funds be used to support a new park bond.

This item was reviewed by Assistant City Attorney Heather A. Mahood and City Treasurer David Nakamoto on September 6, 2006.

TIMING CONSIDERATIONS

Although long-term interest rates continue to be relatively low, they also remain volatile and are projected to rise. City Council action on this item is requested on September 19, 2006, as a delay could result in the bonds being issued at a higher interest rate resulting in an additional interest expense, and less net bond proceeds available for projects.

FISCAL IMPACT

Investors generally will not invest in bonds where the source of repayment is subject to annual government appropriations, without a considerable premium, by way of higher interest rates. This is the case with the Federal CDBG allocations. Such a premium would make the Open Space Bond cost prohibitive. Given this constraint, staff is recommending the City issue Open Space Bonds backed by the General Fund, with the intent of making annual debt service payments utilizing CDBG, Redevelopment and Park Impact Fees. Given the City's solid credit rating, this financing structure is anticipated to provide for the most favorable interest rates.

The development of parks and open space is an eligible use of CDBG funding. Typically, communities receiving CDBG use it for capital projects, like new parks. While Long Beach has allocated some CDBG funding for public improvements, the majority of funding has traditionally been used for programs and services. With the assistance of a team of financial advisors, the City has developed a structure that reduces the impacts on CDBG funded programs. It is anticipated that in each of the first ten years, debt service will be approximately \$1 million. To cover this payment, it will be necessary to eliminate some CDBG funded programs.

This activity was discussed with the Community Development Advisory Commission (CDAC) in a series of public meetings. CDAC supported the allocation of \$600,000 annually toward the open space bond payments at their meeting on April 19, 2006. The balance of funding will come from Redevelopment and Park Impact fees. The City received written approval of this proposal by the U.S. Department of Housing and Urban Development.

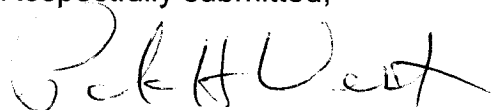
Staff is also recommending that a portion of future Redevelopment Agency (Agency) loan repayments to the City be used for annual debt service on the Open Space Bonds. The current loan amount between the City and Agency is \$85 million, of which \$51 million is restricted to CDBG eligible uses. Upon termination of the Downtown Project Area in 2018, the Agency will make significant annual loan repayments to the City. Staff is recommending an Open Space Bond repayment schedule to minimize debt service payments through 2018, with increasing annual debt service payments to coincide with the Agency repayments to the City.

Approval of the attached Resolution will authorize the City Manager to issue new debt for open space in an amount not to exceed \$25 million. City assets are being pledged as collateral in support of this bond issue, and will be unavailable to support other future indebtedness (Attachment C). Beyond the cost of the proposed debt, the expansion of park space will obligate future General Fund resources for maintenance, staffing and other related expenses. Such resources have not been identified and thus will need to be addressed in future budget discussions.

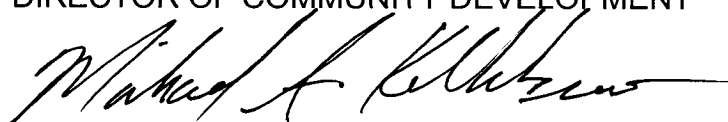
SUGGESTED ACTION:

Approve recommendation.

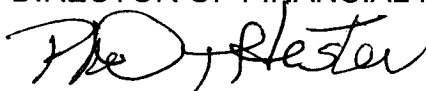
Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

MAK:DN

ATTACHMENTS

APPROVED:



GERALD R. MILLER
CITY MANAGER

**CITY OF LONG BEACH**

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

June 13, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to develop bond documents in preparation of financing the expansion of parks and open space in underserved communities; and, once the documents are prepared, return to the City Council with the proposed bond financing and issuance of debt in an amount not to exceed \$25 million. (Districts 1, 2, 6, 7, and 9)

DISCUSSION

On April 18, 2006, staff presented to the City Council a recommendation for financing the expansion and creation of new parkland (attached). The report detailed the need for more open space in the City's underserved communities and recommended a combination of funding sources to secure up to \$25 million. At that meeting, the City Council directed staff to engage the community in further discussion regarding the proposal and return for further consideration. In particular, the City Council requested the Community Development Advisory Commission (CDAC) hold a public hearing to consider the impacts of this proposal on the Community Development Block Grant (CDBG) program.

Subsequently, staff made a number of community presentations on the proposed open space bond. At each meeting information was provided regarding the lack of open space in underserved communities; the alignment of the need for open space with the City's 2010 Strategic Plan; and the proposed financing structure. The Central Project Area Committee reviewed and supported the proposal at their meeting of May 4, 2006, and the Parks Commission reviewed and approved the proposal at their meeting of May 18, 2006.

In addition, CDAC held a hearing on May 17, 2006 to allow for public comment on potential impacts to the CDBG program and the proposed amendment to the Consolidated Plan to include the open space bond. At the conclusion of the public hearing CDAC adopted the following, *"Recommend that the City Council amend the 2005 – 2010 Consolidated Plan to increase the Community Development Block Grant funding support in the amount of \$600,000 for the development of park and open space in underserved communities. It is also recommended that the City Council open dialogue with the Long Beach School District to discuss utilizing the School District's campuses as park space. It is also recommended that the City Council provide yearly updates to Community Development Advisory Commission and to the public on the development of parks and open space."*

The April 18, 2006 staff report included a list of proposed projects that identified a number of opportunities consistent with the City's "Green Vision" in underserved communities. By using CDBG funding, all projects must serve predominately low income neighborhoods and comply with all federal requirements including local hiring preferences. The Department of Housing and Urban Development (HUD) has provided a letter approving the use of CDBG funds in this manner (letter attached). Specific projects will be returned to Council for approval.

TIMING CONSIDERATIONS

City Council action is requested on June 13, 2006 to allow for timely development of required financing documents, which must be brought back to the City Council for formal approval.

FISCAL IMPACT

The staff report to the City Council on April 18, 2006, provides a recommendation for financing the expansion and creation of new parkland (attached). It provided discussion on having the City issue Open Space Bonds that are backed by the General Fund, with the intent of making annual debt payments utilizing CDBG funds, park impact fees, and redevelopment tax increment funding. Given the City's strong credit rating, this financing structure is anticipated to provide for the most favorable interest rates, and thus lowest annual payments.

To minimize the initial cost, a staged principal repayment schedule is recommended. This would limit the debt service payment for the first ten years to approximately \$1,000,000 annually (2008-2017). To cover this cost, staff is recommending that the City utilize \$600,000 of CDBG funding, and \$400,000 from park impact fees and redevelopment tax increment funding. Annual debt service will increase to approximately \$2,200,000 in 2018 and remain consistent until the debt is retired.

Staff is recommending that future Redevelopment Agency (Agency) loan repayments to the City be used to fund the debt service in latter years (2018-2032). The loan amount between the City and Agency for the Downtown Project Area is \$85 million, of which \$51 million is restricted to CDBG eligible uses. Upon termination of the Project Area in 2018, the Agency will make significant annual loan repayments to the City in an amount great enough to assume full responsibility for debt service payments. Staff is recommending an Open Space Bond repayment schedule that minimizes debt service payments through 2018, with increased payments to coincide with the Agency repayments to the City.

Council approval of the recommended action does not obligate the City to issue debt. Required bond documents will be returned to the City Council for approval at a future date.

SUGGESTED ACTION:

Approve recommendation.

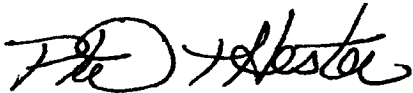
Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

PHW:MAK:PTH:CB:am
Open Space ccl June 13v2.doc

Attachment

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

~~R-40~~
UB-27

April 18, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to develop bond documents in preparation of financing the expansion of parks and open space in underserved communities; and, once the documents are prepared, return to the City Council with the proposed bond financing and issuance of debt in an amount not to exceed \$25 million. (Districts 1, 2, 6, 7, 9)

DISCUSSION

On August 9, 2005, the City Council approved an action authorizing the City Manager to develop and recommend a financing structure to provide funding for the acquisition and development of new open space (attachment A). The action was taken to aggressively address the lack of sufficient park space in densely populated, underserved neighborhoods identified in the City's Open Space Element of the General Plan, and in the Strategic Plan of the Department of Parks, Recreation and Marine.

The proposed projects (attachment B) are within Community Development Block Grant (CDBG) and Redevelopment areas. The proposed locations were selected by targeting existing parks in densely populated communities that could be expanded. This approach of leveraging existing locations is believed to be the most cost effective given the high cost of land. Some new parks are also being proposed in areas where parks do not currently exist.

The development of parks and open space is an eligible use of CDBG funding. Typically, communities receiving CDBG use it for capital projects, like new parks. While Long Beach has allocated some CDBG funding for public improvements, the majority of funding has traditionally been used for programs and services.

Based on extensive financial analysis, that included input from a team of bankers and financial consultants, staff is recommending the City issue Open Space Bonds in the amount of \$25 million. The financing structure will carefully take into account fiscal constraints, with annual debt service being covered in the early years by current CDBG allocations, and in later years with Redevelopment Agency (RDA) loan repayments to

HONORABLE MAYOR AND CITY COUNCIL
April 18, 2006
Page 2

the General Fund that will be restricted to CDBG purposes. It is also possible that the proceeds of Open Space Bonds will allow the City to leverage future State park bonds for open space development.

TIMING CONSIDERATIONS

City Council action is requested on April 18, 2006 to allow for timely development of required financing documents, which must be brought back to the City Council for formal approval.

FISCAL IMPACT

As mentioned above, staff suggests that the annual debt payments for the Open Space Bonds be paid from CDBG allocations. Investors generally will not invest in bonds where the source of repayment is subject to annual government appropriations, without a considerable premium by way of higher interest rates. This is the case with the federal CDBG allocations. Such a premium would make an Open Space Bond cost prohibitive. Given this constraint, staff is recommending the City issue Open Space Bonds that are backed by the General Fund, with the intent of making annual debt payments utilizing CDBG funds. Given the City's solid credit rating, this financing structure is anticipated to provide for the most favorable interest rates.

The City is in the process of developing the CDBG budget for Fiscal Year 2007 and is working to accommodate the estimated Open Space Bond debt service. It is anticipated the first ten years of annual debt service will be approximately \$1,000,000. To cover this payment, it will be necessary to eliminate some CDBG funded programs. It should also be noted that the City's CDBG allocation could change from year to year depending upon the federal budget (CDBG is subject to annual congressional approval). Should CDBG allocations not be available for the Open Space Bond payments, another funding source would have to be used (for example redevelopment or Park Impact fees); if alternative funding was also not available, the City's General Fund is obligated for the Bond debt service. Should the General Fund be forced to make the debt service payment, either service reductions or new revenues would be required to avoid creating a structural imbalance in the fund.

To utilize CDBG funding for debt service payments, it is necessary to receive approval from the Department of Housing and Urban Development (HUD). The City reviewed this proposal with HUD staff and received initial verbal support, but is waiting for written confirmation.

Staff is also recommending that future Redevelopment Agency (Agency) loan repayments to the City be used to make annual debt service on the Open Space Bonds. The current loan amount between the City and Agency is \$85 million, of which \$51 million is restricted to CDBG eligible uses. Upon termination of the Downtown Project Area in 2018, the Agency will make significant annual loan repayments to the City. Staff

HONORABLE MAYOR AND CITY COUNCIL

April 18, 2006

Page 3

is recommending an Open Space Bond repayment schedule to minimize payments through 2018, with increasing payments to coincide with the Agency repayments to the City.

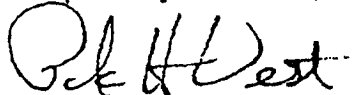
Beyond the cost of the proposed debt, the continued expansion of park space has the real and immediate effect of obligating future General Fund resources for maintenance, staffing and other related expenses. Such resources have not been identified and thus represent an unfunded future liability for the City. If/when they are found, however, they will be the same resources that could be used for program restorations, residential street repair, library or other General Funded program support.

City Council approval of the recommended action does not obligate the City to issue debt. Required bond documents will be returned to the City Council for approval at a future date.

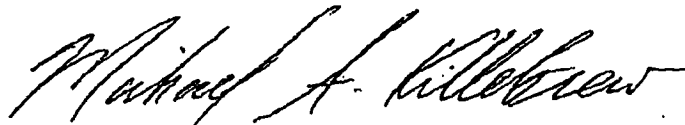
SUGGESTED ACTION:

Approve recommendation.

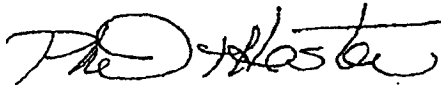
Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

PHW:jca
CcltrApr4 Open Spacev8

Attachments

APPROVED:



GERALD R. MILLER
CITY MANAGER

~~R-40~~
~~R-18~~



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

August 9, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to develop and recommend a financing structure to provide funds to acquire and develop new open space in underserved areas of the City as identified by the Open Space Element of the General Plan and Strategic Plan of the Department of Parks, Recreation and Marine. (Districts 1, 4, 6 and 7)

DISCUSSION

The population density in Long Beach is about 9,149 persons per square mile, making the City a dense urban area; more so than cities like Baltimore, Detroit and Los Angeles. This population density, which is concentrated in the North, South and West Park Districts (Target Districts) of the City, as defined in the Strategic Plan (Strategic Plan) of the Department of Parks, Recreation and Marine, has created a critical lack of adequate open space for residents (Exhibit A - Population Density Map). In Long Beach there are currently 5.8 acres of parkland per 1,000 residents. The Strategic Plan also states that this is substantially below the average of 13 acres per 1,000 residents of 25 other comparable urban cities (Exhibit B - Comparison of Park Resources). Comparably, within the Target Districts there is an average of only 1.6 acres per 1,000 residents versus 16.7 acres in the East Park District. To develop additional open space within these impacted areas, staff is recommending a strategy to acquire existing, underutilized properties and convert them to parkland, as well as make substantial improvements or expansions at existing parks.

The majority of the Target Districts are designated as Community Development Block Grant (CDBG) eligible. For many years, the City has utilized CDBG funding for park facility improvements and recreational programming in these underserved neighborhoods. Such programs include after-school and weekend recreation programs in school facilities, teen and youth centers and mobile recreation programs. While these initiatives have helped, additional funding is needed to address the significant lack of parkland and open space in these impacted areas. To this end, City staff is recommending the use of bond financing to generate funds that will be used to acquire and develop new open space and make substantial improvements or expansions at existing parks within the impacted areas of the City.

HONORABLE MAYOR AND CITY COUNCIL
August 9, 2005
Page 2

This letter was reviewed by Assistant City Attorney Heather Mahood on July 28, 2005 and Budget Management Officer David Wodynski on August 1, 2005.

TIMING CONSIDERATIONS

Approval is requested at this time to take advantage of a favorable bond market.

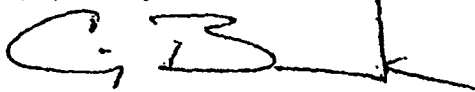
FISCAL IMPACT

Staff is requesting City Council approval to develop a financing structure that may use bond financing to generate funds for the acquisition and development of new open space. Once developed, a specific action plan will be submitted to the City Council for authorization and approval. The initial concept includes utilizing CDBG funding for debt service payments on a new park bond. There is no impact to the General Fund as a result of the requested action.

SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,



CRAIG BECK
Acting Director of Community Development


for PHIL HESTER
Director of Parks, Recreation and Marine
MICHAEL KILLEBREW
Director of Financial Management

APPROVED:



GERALD R. MILLER
CITY MANAGER

DSW:dsw

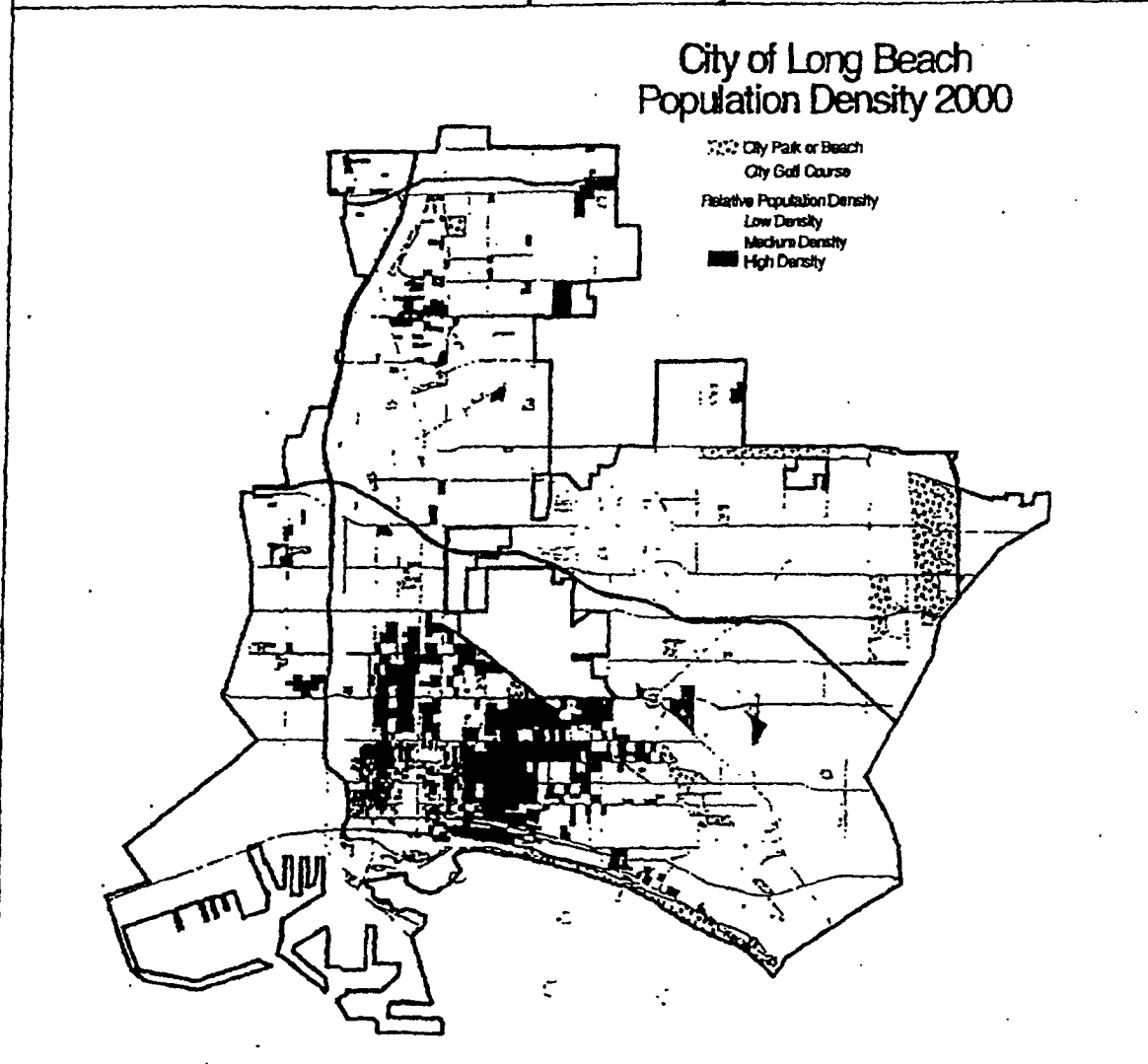
Attachments: Exhibit A – Population Density Map
 Exhibit B – Comparison of Park Resources



Strategic Plan
Department of Parks, Recreation, and Marine

Exhibit 12

LONG BEACH DEPARTMENT OF PARKS, RECREATION, AND MARINE
Population Density



Source: Long Beach Department of Parks, Recreation, and Marine 2001 Maps of Parks, Facilities, and Service Areas

This high level of population density increases the need for park space. Given this density, families have limited yard space in which to recreate. In addition, there is an increased need to escape the pressures of urban life and to order to relieve these overcrowded conditions.

The high level of population density also makes it more difficult to develop and maintain park space, given the high demand for land area. Competing needs including housing, commercial space, and even public services vie for the limited space available.

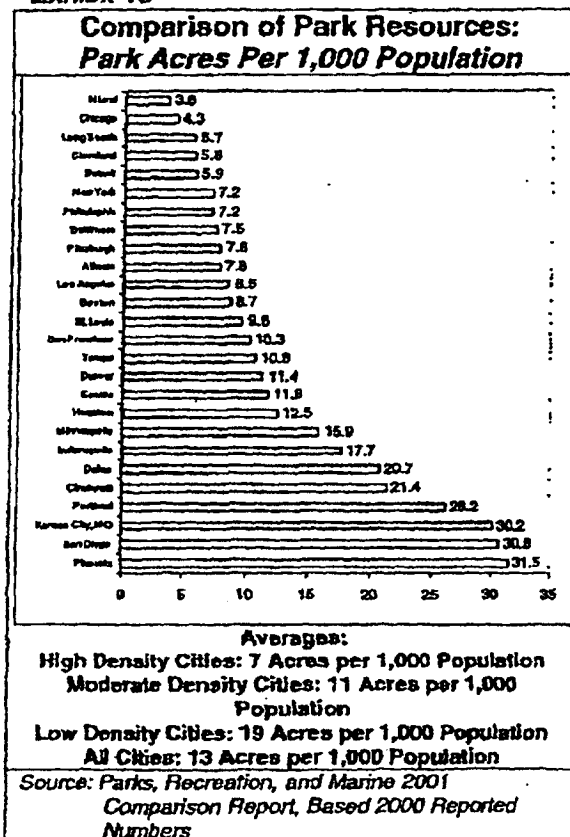


Strategic Plan
Department of Parks, Recreation, and Marine

ADDITIONAL PARK SPACE NEEDED IN LONG BEACH

There are currently approximately 5.8 acres of park land within the City of Long Beach for every 1,000 residents. This includes parks, specialty facilities, beaches, golf courses, and water recreation areas, and is based on the 2000 Census population. As the following exhibit shows, this is substantially below the number of park acres per 1,000 population for many other comparable cities.

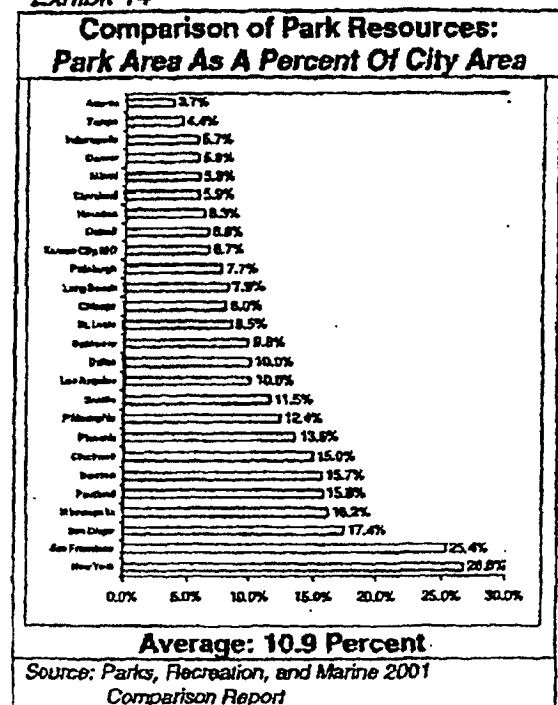
Exhibit 13



substantially below the average of 13 acres per 1,000 residents for all the cities compared, and somewhat below the average of 7 acres per 1,000 for other high density cities. It is important to note that many of these other cities have national, state, or county parks within their boundaries that serve the needs of their residents. Long Beach does not have any of these types of parks.

Long Beach also falls well below the average in park area compared to total city area. As the following exhibit shows, 7.9 percent of Long Beach is park land. This compares to the average of 10.9 percent for all the cities benchmarked.

Exhibit 14



When this comparison was completed (prior to completion of the 2000 census) Long Beach had an estimated 5.78 acres of park land for every 1,000 residents. This is

Open Space Bond Preliminary Project List

Projects	District
15th and Alamos Open Space	6
Admiral Kidd Park Expansion	7
Armory Park Development	1
California Recreation Center Expansion	6
Chavez Water Park	1
Chittick Field Expansion	6
Daryle Black Park Expansion	6
Davenport Park (55th way) Expansion	9
Drake/Chavez Open Space	1
Homeland Cultural Center Improvements	6
MacArthur Park Facility Center Improvements	6
Martin Luther King Jr. Park Improvements	6
PE Right of Way Land Acquisition (triangles)	6
Seaside Park Expansion	1
Silverado Park Improvements	7



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

RECEIVED
OFFICE OF THE MAYOR
CITY OF LONG BEACH

2006 JUN -6 A 9 38

RECEPTION

THE SECRETARY

May 31, 2006

The Honorable Beverly O'Neill
Mayor of Long Beach
333 West Ocean Boulevard, 3rd Floor
Long Beach, CA 90802-4604

Dear Mayor O'Neill:

This is in further response to your letter of December 12, 2005, concerning the city's proposed use of its Community Development Block Grant (CDBG) funds. The city of Long Beach is considering the issuance of locally backed bonds to finance the acquisition of real property as sites for public parks and for related park improvements. The city proposes to use CDBG funds, along with other city resources, to pay the annual debt service over the term of the bonds.

While the CDBG program does not specifically authorize the payment of bond debt as a CDBG activity, under certain circumstances this proposed activity could be permissible. Public facilities and improvements are eligible activities under 24 CFR 570.201(c), provided a national objective is met. Further, section 105(a)(13) of the Housing and Community Development Act of 1974, as amended, authorizes the payment of "carrying charges" related to the execution of community development activities. Taken together, HUD finds the city's proposal as presented to be an eligible use of CDBG funds.

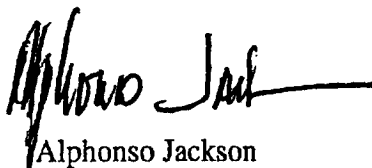
Given the 20-year term for debt repayment, it will be necessary for the city of Long Beach to comply with the provisions at 24 CFR 570.200(h), which govern reimbursement for pre-award costs. In this situation, the city of Long Beach will be incurring activity costs before it is awarded grant funds to be used for reimbursement. To be eligible for reimbursement, the activity must be in the city of Long Beach's Consolidated Plan/Action Plan prior to any costs being incurred, and citizens must continue to be notified to the extent that these pre-award costs will impact future CDBG grants.

Under the pre-award cost provisions, grantees can carry out eligible activities using non-CDBG funds with the understanding that they may reimburse those non-CDBG funds from one or more of their future CDBG grants. The provision at 24 CFR 570.200(h)(1)(v) limits the time for repaying pre-award costs to the next two program years following the effective date of the grant. In addition, 24 CFR 570.200(h)(1)(vi) limits the amount of pre-award costs to be paid during any program year to no more than the greater of 25 percent of that year's grant or \$300,000.

Since the city of Long Beach proposes to make repayments over a period longer than 2 years, I am hereby granting the exception required pursuant to 24 CFR 570.200(h)(2). This exception is subject to periodic review by HUD to ensure that the project continues to comply with applicable requirements. Moreover, reimbursement is contingent upon the availability of future CDBG funds, and the activity must comply with all statutory and regulatory requirements in effect at the time of reimbursement. Should CDBG eligibility or other requirements be altered or if the CDBG program were to be eliminated, the city of Long Beach would be responsible for compliance with any new requirements and/or payment of any outstanding debt.

Thank you for your interest in the Department's programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Alphonso Jackson", with a horizontal line extending to the right from the end of the signature.

Alphonso Jackson

ATTACHMENT B

Open Space Bond Preliminary Project List

Projects **District**

Cesar Chavez Park	1
Drake/Chavez Park Linkage	1
Seaside Park Development/Expansion	1
Orizaba Park Expansion	4
Alamitos & 15th Development	6
Cal Rec Rehabilitation	6
Chittick Field Improvements.	6
Daryle Black Expansion & Acq.	6
Homeland Cultural Center	6
King Park Improvements	6
PE ROW Acq and Development	6
21st to Hill Mini Park	7
Admiral Kidd Expansion	7
Silverado Improvements	7
Davenport Park (55th Way) Phase II	9
DeForest Park	9
Ramona Park	9

Total

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING PROCEEDINGS BY
5 THE LONG BEACH BOND FINANCE AUTHORITY FOR
6 THE ISSUANCE AND SALE OF LEASE REVENUE BONDS
7 TO FINANCE THE ACQUISITION AND DEVELOPMENT
8 OF NEW PARKS/OPEN SPACE THROUGHOUT THE
9 GEOGRAPHIC BOUNDARIES OF THE CITY AND
10 APPROVING RELATED DOCUMENTS AND OFFICIAL
11 ACTIONS

12
13 WHEREAS, the City, working together with the Long Beach Bond Finance
14 Authority (the "Authority"), proposes to undertake the financing of the acquisition and
15 development of new parks/open space throughout the geographic boundaries of the
16 City (the "Project"); and

17 WHEREAS, for such purposes, the Authority has determined to issue its
18 Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B
19 (Parks/Open Space Financing Project) (the "Bonds"); and

20 WHEREAS, the Bonds will be issued under the provisions of Article 4
21 (commencing with Section 6584) of the Act (the "Bond Law") and an indenture of trust
22 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as
23 trustee; and

24 WHEREAS, in order to provide for the repayment of the Bonds, the
25 Authority will lease certain real property and improvements (the "Property") to the City
26 pursuant to a lease agreement (the "Lease Agreement") under which the City will agree
27 to make lease payments to the Authority from moneys in its General Fund and the City
28 will budget and appropriate sufficient amounts in each year to pay the full amount of

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 principal of and interest on the Bonds; and

2 WHEREAS, as required by Section 6586.5(a) of the California
3 Government Code, a public hearing has been held by this Council in connection with
4 the financing; and

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

8 WHEREAS, the firm of Banc of America Securities LLC (the
9 "Underwriter") has proposed to purchase and underwrite the Bonds and has presented
10 to the City a form of Bond Purchase Agreement for the Bonds, to be entered into
11 among the Authority, the City and the Underwriter (the "Bond Purchase Agreement");
12 and

13 WHEREAS, a proposed form of official statement (the "Official
14 Statement") describing the Bonds, to be used in connection with the marketing of the
15 Bonds by the Underwriter, has been prepared and has been presented to the City; and

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

18
19 NOW, THEREFORE, the City Council of the City of Long Beach resolves
20 as follows:

21 Section 1. Findings and Consent. The Council hereby finds that
22 significant public benefits will arise from the financing, in accordance with Section 6586
23 of the California Government Code.

24 Sec. 2. Approval of Bonds. The Council hereby approves the
25 issuance of the Bonds by the Authority for the purpose of providing funds to finance the
26 Project.

27 Sec. 3. Approval of Site and Facility Lease. The Council hereby
28 approves a site and facility lease, by and between the City and the Authority (the "Site

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1 and Facility Lease”), pursuant to which the City will lease the Property to the Authority,
2 to be leased back to the City pursuant to the Lease Agreement, in substantially the form
3 on file with the City Clerk, together with any changes therein or additions thereto
4 deemed advisable by the City Manager, the Director of Financial Management or the
5 City Treasurer (the “Designated Officers”), whose execution thereof shall be conclusive
6 evidence of such approval. The Designated Officers, each acting alone, are hereby
7 authorized and directed for and in the name and on behalf of the City to execute, and
8 the City Clerk is hereby authorized and directed to attest, the final form of the Site and
9 Facility Lease for and in the name of the City. The Council hereby authorizes the
10 delivery and performance of the Site and Facility Lease.

11 Sec. 4. Approval of Lease Agreement. The Council hereby approves
12 the Lease Agreement, in substantially the form on file with the City Clerk, together with
13 any changes therein or additions thereto deemed advisable by any Designated Officer,
14 whose execution thereof shall be conclusive evidence of the approval of any such
15 changes or additions, so long as the term of the Lease Agreement (not including
16 extensions, as permitted therein) does not extend beyond May 1, 2036, and so long as
17 the principal amount of the Lease Agreement is not greater than \$25,000,000. The
18 Designated Officers, each acting alone, are hereby authorized and directed for and in
19 the name and on behalf of the City to execute, and the City Clerk is hereby authorized
20 and directed to attest, the final form of the Lease Agreement for and in the name of the
21 City. The Council hereby authorizes the delivery and performance of the Lease
22 Agreement.

23 Sec. 5. Sale of the Bonds. The Council hereby approves the sale of
24 the Bonds by the Authority to the Underwriter pursuant to the Bond Purchase
25 Agreement in substantially the form on file with the Secretary, together with such
26 additions thereto and changes therein as a Designated Officer shall deem necessary,
27 desirable or appropriate, the execution of which by the Authority shall be conclusive
28 evidence of the approval of any such additions and changes, so long as the principal

1 amount of the Bonds does not exceed \$25,000,000 and the average interest rate on
2 the Bonds does not exceed 6%. The Designated Officers, each acting alone, are
3 hereby authorized and directed to execute the final form of the Bond Purchase
4 Agreement for and in the name and on behalf of the Authority upon the submission of
5 an offer by the Underwriter to purchase the Bonds, which offer is acceptable to a
6 Designated Officer and consistent with the requirements of this Resolution. The
7 Underwriter's compensation for the Bonds shall not exceed \$7.50 per \$1,000 of
8 principal amount of the Bonds.

9 Sec. 6. Official Statement. The Council hereby approves, and
10 hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities
11 Exchange Act of 1934 (the "Rule"), the preliminary official statement describing the
12 Bonds (the "Preliminary Official Statement") in substantially the form on file with the City
13 Clerk. The Designated Officers, each acting alone, are hereby authorized and directed
14 to execute an appropriate certificate stating the City's determination that the Preliminary
15 Official Statement is deemed final with permitted exceptions within the meaning of the
16 Rule. Distribution of the Preliminary Official Statement in connection with the sale of the
17 Bonds is hereby approved. The Designated Officers, each acting alone, are hereby
18 authorized and directed to approve any changes in or additions to a final form of official
19 statement (the "Final Official Statement"), and the execution thereof by any Designated
20 Officer shall be conclusive evidence of approval of any such changes and additions.
21 The Council hereby authorizes the distribution of the Final Official Statement by the
22 Underwriter. The Final Official Statement shall be executed in the name and on behalf
23 of the City by any Designated Officer.

24 Sec. 7. Official Actions. The City Manager, the Director of Financial
25 Management, the City Treasurer, the City Clerk and all other officers of the City are
26 each authorized and directed in the name and on behalf of the City to make any and all
27 assignments, certificates, requisitions, agreements, notices, consents, instruments of
28 conveyance, warrants and other documents, which they or any of them might deem

