

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019`

TWO NEW ISSUES—BOOK-ENTRY ONLY

RATINGS:

Fitch: “___”

S&P: “___”

See “RATINGS” herein.

In the opinion of Quint & Thimmig LLP, Bond Counsel, subject to compliance by the Authority and the City with certain covenants, interest on the Series 2019 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 under the Internal Revenue Code of 1986, as amended. In addition, in the opinion of Bond Counsel, interest on the Series 2019 Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS” herein.



\$ _____ *
Finance Authority of Long Beach
Lease Revenue Bonds,
Series 2019A
(Public Safety Parking Garage
Financing Project)

\$ _____ *
Finance Authority of Long Beach Lease
Revenue Refunding Bonds,
Series 2019B
(Open Space Refinancing Project)

Dated: Date of Delivery

Due: August 1, as shown on inside cover

The \$ _____ * Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project) (the “Series 2019A Bonds”), are being issued by the Finance Authority of Long Beach, a joint exercise of powers agency organized and existing under the laws of the State of California (the “Authority”) pursuant to an Indenture of Trust, dated as of April 1, 2019 (the “Series 2019A Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2019A Bonds are secured by a pledge of and lien on the Series 2019A Revenues (as defined herein), consisting primarily of Series 2019A Lease Payments (as defined herein). The Series 2019A Bonds are being issued to (a) finance a portion of the costs of the new Public Safety Parking Garage (the “Public Safety Garage”); and (b) pay costs of issuance of the Series 2019A Bonds.

The \$ _____ * Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project) (the “Series 2019B Bonds” and, together with the Series 2019A Bonds, the “Series 2019 Bonds”), are being issued by the Authority pursuant to an Indenture of Trust, dated as of April 1, 2019 (the “Series 2019B Indenture” and, together with the Series 2019A Indenture, the “Series 2019 Indentures”), by and between the Authority and the Trustee. The Series 2019B Bonds are secured by a pledge of and lien on the Series 2019B Revenues (as defined herein), consisting primarily of Series 2019B Lease Payments (as defined herein), described below. The Series 2019B Bonds are being issued to (a) refund the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, Series 2006B (Parks/Open Space Financing Project) (the “Refunded Bonds”), and (b) pay costs of issuance of the Series 2019B Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The City will lease certain real property and the improvements thereon (the “Series 2019A Property,” as more particularly described herein) from the Authority pursuant to a Lease Agreement, dated as of April 1, 2019 (the “Series 2019A Lease Agreement”), by and between the Authority and the City. Under the Series 2019A Lease Agreement, the City is required to make lease payments (the “Series 2019A Lease Payments”) from legally available funds in amounts calculated to be sufficient to pay the principal of and interest on the Series 2019A Bonds when due, as described herein. The City will also lease certain real property and the improvements thereon (the “Series 2019B Property,” as more particularly described herein, and, together with the Series 2019A Property, the “Series 2019 Properties”) from the Authority pursuant to a Lease Agreement, dated as of April 1, 2019 (the “Series 2019B Lease Agreement” and, together with the Series 2019A Lease Agreement, the “Series 2019 Lease Agreements”), by and between the Authority and the City. Under the Series 2019B Lease Agreement, the City is required to make lease payments (the “Series 2019B Lease Payments” and, with the Series 2019A Lease Payments, the “Series 2019 Lease Payments”) from legally

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

available funds in amounts calculated to be sufficient to pay the principal of and interest on the Series 2019B Bonds when due, as described herein.

All of the Authority's right, title and interest in and to the respective Series 2019 Lease Agreements (except for the right to receive any Additional Payments under each Series 2019 Lease Agreement to the extent payable to the Authority and certain rights to indemnification), including the right to receive the respective Series 2019 Lease Payments under the related Series 2019 Lease Agreement, are assigned to the Trustee under the applicable Series 2019 Indenture for the benefit of the respective Series 2019 Bondowners. See "SECURITY FOR THE SERIES 2019 BONDS" herein. The obligation of the City to make Series 2019 Lease Payments and Additional Payments under the Series 2019 Lease Agreements 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 respective Series 2019 Properties. See "SECURITY FOR THE SERIES 2019 BONDS—Abatement."

The Series 2019 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2019 BONDS—Redemption."

The Series 2019 Bonds are issuable in denominations of \$5,000 and any integral multiple thereof. Interest on the Series 2019 Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2020. See "THE SERIES 2019 BONDS" herein. The Series 2019 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 2019 Bonds. Ownership interests in the Series 2019 Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2019 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 2019 Bonds. See "THE SERIES 2019 BONDS—General" herein and APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

THE SERIES 2019 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 2019 INDENTURE AND THE REVENUES DERIVED FROM THE RELATED SERIES 2019 LEASE PAYMENTS BY THE CITY PURSUANT TO THE RELATED SERIES 2019 LEASE AGREEMENT. THE CITY HAS COVENANTED IN EACH SERIES 2019 LEASE AGREEMENT TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL SERIES 2019 LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE SERIES 2019 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE SERIES 2019 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 2019 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.

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

The Series 2019 Bonds will be offered when, as and if issued, and received by the Underwriter, 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 Underwriter by Nixon Peabody LLP, Los Angeles, California. It is anticipated that the Series 2019 Bonds will be available for delivery through the facilities of DTC on or about May __, 2019.

BofA Merrill Lynch

Date of this Official Statement: _____, 2019

\$ _____*
Finance Authority of Long Beach
Lease Revenue Bonds,
Series 2019A
(Public Safety Parking Garage Financing Project)

MATURITY SCHEDULE

CUSIP Prefix: _____ †

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix †
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* Preliminary; subject to change.

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\$ _____ *

**Finance Authority of Long Beach Lease Revenue Refunding Bonds,
Series 2019B
(Open Space Refinancing Project)**

MATURITY SCHEDULE

CUSIP Prefix: _____ †

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix †
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* Preliminary; subject to change.

† Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the registered owners of the Series 2019 Bonds. None of the Authority, the City or the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Series 2019 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

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

Authority Board of Directors

Patrick H. West, *Chairperson*
John Gross, *Vice-Chair and Executive Director*
David S. Nakamoto, *Treasurer/Auditor*

Long Beach Mayor and City Council

Dr. Robert Garcia
Mayor

Dee Andrews
Vice Mayor, Sixth District

Lena Gonzalez, *First District*
Jeannine Pearce, *Second District*
Suzie Price, *Third District*
Daryl Supernaw, *Fourth District*

Stacy Mungo, *Fifth District*
Roberto Uranga, *Seventh District*
Al Austin, *Eighth District*
Rex Richardson, *Ninth District*

City Officials

Charles Parkin, *City Attorney*
Laura L. Doud, *City Auditor*
Doug Haubert, *City Prosecutor*

City Staff

Patrick H. West, *City Manager*
Tom Modica, *Assistant City Manager*
John Gross, *Director of Financial Management*
David S. Nakamoto, *City Treasurer*
Monique De La Garza, CMC, *City Clerk*

Professional Services

KNN Public Finance, LLC
Municipal Advisor

U.S. Bank National Association
Trustee

Quint & Thimmig LLP
Bond Counsel

Stradling Yocca Carlson & Rauth, a Professional
Corporation
Disclosure Counsel

U.S. Bank National Association
Escrow Bank

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations with respect to the offer or sale of the Series 2019 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 Underwriter. 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 2019 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 2019 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 Underwriter. 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 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does 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” herein.

In connection with the offering of the Series 2019 Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2019 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 Underwriter.

The Series 2019 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 2019 Bonds have not been registered or qualified under the securities laws of any state.

The City maintains a website, however, the information presented on the website is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2019 Bonds.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General Description	1
Terms of the Series 2019 Bonds	1
Book-Entry Only	2
Source of Payment for the Series 2019 Bonds	2
No Reserve Accounts	4
No Additional Bonds; Additional Obligations Secured by the General Fund	4
The City	4
The Authority	4
Limited Liability	4
Continuing Disclosure	4
Tax Matters	5
Certain Risk Factors	5
Other Information	5
ESTIMATED SOURCES AND USES OF FUNDS	6
PLAN OF FINANCING	6
Series 2019A Bonds	6
Series 2019 B Bonds	6
THE SERIES 2019 PROPERTIES	7
Series 2019A Property	7
Series 2019B Property	7
THE SERIES 2019 BONDS	8
General	8
Transfer and Exchange of Series 2019 Bonds	9
Redemption Provisions	9
Selection of Series 2019 Bonds for Redemption	10
Notice of Redemption	11
Partial Redemption of Bonds	11
Effect of Redemption	11
SECURITY FOR THE SERIES 2019 BONDS	11
General	11
Limited Obligation	12
Lease Payments and Additional Payments	12
Insurance and Condemnation Awards	14
Abatement	14
Insurance	15

Debt Service Schedule.....	17
No Additional Bonds.....	17
THE AUTHORITY	17
THE CITY OF LONG BEACH.....	18
CITY FINANCIAL INFORMATION.....	18
General	18
Budgetary Process	18
Recent Voter-Approved Measures	19
Current Financial Condition of the City	20
Financial Statements.....	21
Pension Plans and Post-Retirement Health Care Benefits.....	24
Employer/Employee Relations	28
Insurance Coverage and Liability Claims.....	28
Bonded Indebtedness.....	29
Source: California Municipal Statistics, Inc.	33
Civic Center Project Agreement.....	34
Assessed Valuation.....	34
Largest Taxpayers.....	36
Tax Rates	36
Tax Receipts	37
Oil Related General Fund Revenues.....	38
Investment of City Funds.....	39
STATE BUDGET.....	40
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS.....	40
Article XIII A of the California Constitution	40
Article XIII B of the California Constitution.....	41
Proposition 62.....	42
Proposition 218.....	43
Proposition 22.....	43
Proposition 26.....	44
Future Initiatives.....	45
RISK FACTORS	45
Limited Obligation	45
Additional Obligations Payable from the General Fund.....	45
Additional Obligations of the City.....	46
Valid and Binding Covenant to Budget and Appropriate	46
Abatement.....	47

No Acceleration Upon Default	47
Limitation on Remedies.....	47
Risk of Uninsured Loss	48
Eminent Domain.....	48
Hazardous Substances	49
Bankruptcy.....	49
No Liability of Authority to the Owners	50
Dependence on State for Certain Revenues.....	50
Risk of Tax Audit	50
Loss of Tax Exemption.....	50
Limited Secondary Market	51
No Reserve Accounts	51
City Pension Benefit Liability	51
Changes in Law	51
TAX MATTERS.....	51
CERTAIN LEGAL MATTERS	53
FINANCIAL STATEMENTS	54
LITIGATION	54
RATINGS	54
UNDERWRITING	54
MUNICIPAL ADVISOR	55
CONTINUING DISCLOSURE.....	55
ADDITIONAL INFORMATION.....	56
APPENDIX A – GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF LONG BEACH	A-1
APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018	B-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS	C-1
APPENDIX D – PROPOSED FORMS OF BOND COUNSEL OPINIONS.....	D-1
APPENDIX E – FORMS OF CONTINUING DISCLOSURE CERTIFICATES.....	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM.....	F-1

OFFICIAL STATEMENT

\$ _____*
**Finance Authority of Long Beach
Lease Revenue Bonds,
Series 2019A**
(Public Safety Parking Garage Financing Project)

\$ _____*
**Finance Authority of Long Beach Lease Revenue
Refunding Bonds,
Series 2019B**
(Open Space Refinancing Project)

INTRODUCTION

The following introduction presents a brief description of certain information in connection with the Series 2019 Bonds (as defined below) and is qualified in its entirety by reference to this entire 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 Indenture. See APPENDIX C—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Definitions.”

General Description

This Official Statement, including the cover page, the inside cover page and the attached appendices (this “Official Statement”), provides certain information concerning the issuance of \$ _____* Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project) (the “Series 2019A Bonds”) and the \$ _____* Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project) (the “Series 2019B Bonds” and, together with the Series 2019A Bonds, the “Series 2019 Bonds”), by the Finance Authority of Long Beach, a joint exercise of powers agency organized under the laws of the State (the “Authority”).

The Series 2019A are being issued pursuant to an Indenture of Trust, dated as of April 1, 2019 (the “Series 2019A Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2019B are being issued pursuant to an Indenture of Trust, dated as of April 1, 2019 (the “Series 2019B Indenture” and, together with the Series 2019A Indenture, the “Series 2019 Indentures”), by and between the Authority and the Trustee.

The Series 2019 Bonds are being issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and a resolution of the Authority authorizing the issuance of the Series 2019 Bonds adopted on _____, 2019 (the “Authority Resolution”).

The Series 2019A Bonds are being issued to (a) finance a portion of the costs of the new Public Safety Parking Garage (the “Public Safety Garage”); and (b) pay costs of issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued to (a) refund the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, Series 2006B (Parks/Open Space Financing Project) (the “Refunded Bonds”), and (b) pay costs of issuance of the Series 2019B Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Terms of the Series 2019 Bonds

The Series 2019 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 2019 Bonds is payable semiannually on each

* Preliminary; subject to change.

February 1 and August 1 (each, an “Interest Payment Date”), commencing February 1, 2020, at the respective rates of interest set forth on the inside cover page of this Official Statement. The Series 2019 Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof. The Series 2019 Bonds are subject to redemption as described herein. See “THE SERIES 2019 BONDS.”

Book-Entry Only

The Series 2019 Bonds will be issuable 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 2019 Bonds and all payments due on the Series 2019 Bonds will be made to DTC or its nominee. Ownership interests in the Series 2019 Bonds may be purchased in book-entry form only. See APPENDIX F—”BOOK-ENTRY ONLY SYSTEM.”

Source of Payment for the Series 2019 Bonds

Series 2019A Bonds. Pursuant to a site and facility lease, dated as of April 1, 2019 (the “Series 2019A Site and Facility Lease”), by and between the City and the Authority, the City will lease to the Authority certain real property and certain improvements located thereon (the “Series 2019A Property”) owned by the City. See “THE SERIES 2019 PROPERTY- Series 2019A Property.” Concurrently, the City will sublease the Series 2019A Property from the Authority pursuant to a lease agreement, dated as of April 1, 2019 (the “Series 2019A Lease Agreement”), by and between the Authority and the City. Under the Series 2019A Lease Agreement, subject to abatement as provided therein, the City is required to make lease payments (the “Series 2019A Lease Payments”) from legally available funds for the use and occupancy of the Series 2019A Property in amounts calculated to be sufficient to pay principal of and interest on the Series 2019A Bonds when due.

The Series 2019A Bonds are limited obligations of the Authority payable solely from and secured solely by a pledge of the Series 2019A Revenues and other amounts held by the Trustee in certain funds and accounts established under the Indenture and pledged therefor, and the Series 2019A Revenues may not be used for any other purpose while any of the Series 2019 Bonds remain Outstanding; provided, however, that the Series 2019A Revenues may be applied for such other purposes as are permitted under the Indenture. “Series 2019A Revenues” means (i) all Series 2019A Lease Payments and certain amounts paid, or caused to be paid, by the City, and received by the Authority pursuant to the Series 2019A Lease Agreement (but not Additional Payments), and (ii) all interest or other income from the investment of amounts in certain funds and accounts established pursuant to the Series 2019A Indenture.

Series 2019B Bonds. Pursuant to a site and facility lease, dated as of April 1, 2019 (the “Series 2019B Site and Facility Lease”), by and between the City and the Authority, the City will lease to the Authority certain real property and certain improvements located thereon owned by the City (the “Series 2019B Property”) and, together with the Series 2019A Property, the “Series 2019 Properties”). See “THE PROPERTY- Series 2019B Property.” Concurrently, the City will sublease the Series 2019B Property from the Authority pursuant to a lease agreement, dated as of April 1, 2019 (the “Series 2019B Lease Agreement” and, together with the Series 2019A Lease Agreement, the “Series 2019 Lease Agreements”), by and between the Authority and the City. Under the Series 2019B Lease Agreement, subject to abatement as provided therein, the City is required to make lease payments (the “Series 2019B Lease Payments” and, together with the Series 2019A Lease Payments, the “Series 2019 Lease Payments”) from legally available funds for the use and occupancy of the Series 2019B Property in amounts calculated to be sufficient to pay principal of and interest on the Series 2019B Bonds when due.

The Series 2019B Bonds are limited obligations of the Authority payable solely from and secured solely by a pledge of the Series 2019B Revenues and other amounts held by the Trustee in certain funds and accounts established under the Indenture and pledged therefor, and the Series 2019B Revenues may not be used for any other purpose while any of the Series 2019 Bonds remain Outstanding; provided, however, that the Series 2019B Revenues may be applied for such other purposes as are permitted under the Indenture.

“Series 2019B Revenues” means (i) all Series 2019B Lease Payments and certain amounts paid, or caused to be paid, by the City, and received by the Authority pursuant to the Series 2019B Lease Agreement (but not Additional Payments), and (ii) all interest or other income from the investment of amounts in certain funds and accounts established pursuant to the Series 2019B Indenture.

Generally. The City has covenanted in each of the Series 2019 Lease Agreements to take such action as may be necessary to include the respective 2019 Lease Payments in each of its annual budgets during the term of the Series 2019 Lease Agreements and has further covenanted to make the necessary annual appropriations for the Series 2019 Lease Payments. All of the Authority’s right, title and interest in and to the respective Series 2019 Lease Agreements (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 2019 Lease Payments under the related Series 2019 Lease Agreement, are assigned to the Trustee under the respective Series 2019 Indenture for the benefit of the Bondowners.

During any period in which, by reason of damage or destruction of the Series 2019A Property (with respect to the Series 2019A Bonds) or the Series 2019B Property (with respect to the Series 2019B Bonds) there is substantial interference with the use and occupancy by the City of any portion of the Series 2019A Property or the Series 2019B Property, the related Series 2019 Lease Payments will be abated in an amount agreed upon by the City and the Authority such that the resulting related Series 2019 Lease Payments represent fair consideration for the use and occupancy of the portions of the Series 2019A Property or the Series 2019B Property, as applicable, 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 Series 2019A Property or the Series 2019B Property, as applicable, is available for use and possession by the City.

If all of the Series 2019A Property or the Series 2019B 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 applicable Series 2019 Lease Agreement will cease with respect to the Series 2019A Property or the Series 2019B Property, as applicable, as of the day possession shall be so taken; however, if less than all of the Series 2019A Property or the Series 2019B Property is taken permanently, or if all of the Series 2019A Property or the Series 2019B Property or any part thereof is taken temporarily under the power of eminent domain, (i) the applicable Series 2019 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 2019A Lease Payments or Series 2019B Lease Payments, as applicable, 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. See “SECURITY FOR THE SERIES 2019 BONDS—Abatement.”

The Series 2019A Bonds and Series 2019B Bonds are separately issued and secured. The Series 2019A Bonds are secured under the 2019A Indenture which pertains exclusively to the Series 2019A Bonds. The Series 2019B Bonds are secured under the Series 2019B Indenture, which pertains exclusively to the Series 2019B Bonds. A Bondowner of the Series 2019A Bonds will have no claim on the revenues or funds securing the Series 2019B Bonds; a Bondowner of the Series 2019B Bonds will have no claim on the revenues or funds securing the Series 2019A Bonds. The Series 2019A Lease Payments do not secure, and are not available for payment of the Series 2019B Bonds under any circumstances, including but not limited to the insufficiency of Series 2019B Lease Payments to pay the Series 2019B Bonds as a result of abatement of the Series 2019B Lease Payments. The Series 2019B Lease Payments do not secure, and are not available for the payment of, the Series 2019A Bonds under any circumstances, including but not limited to the insufficiency of Series 2019A Lease Payments to pay the Series 2019A Bonds as a result of abatement of the Series 2019A Lease Payments.

No Reserve Accounts

Debt service reserve accounts will not be established for the Series 2019 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 2019A Revenues or the Series 2019B Revenues in whole or in part. See “SECURITY FOR THE SERIES 2019 BONDS — No Additional Bonds.”

However, the Series 2019 Lease Agreements do 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 (see “CITY FINANCIAL INFORMATION—Bonded Indebtedness”), which may also include lease payments or other obligations payable from its General Fund.

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,” “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 agency 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 2019 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 SERIES 2019 INDENTURE AND THE SERIES 2019 REVENUES DERIVED FROM THE RESPECTIVE SERIES 2019 LEASE PAYMENTS BY THE CITY PURSUANT TO THE RELATED SERIES 2019 LEASE AGREEMENT. THE CITY HAS COVENANTED IN THE SERIES 2019 LEASE AGREEMENTS TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL RELATED SERIES 2019 LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE SERIES 2019 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE SERIES 2019 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 2019 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 2019 Bonds within the meaning of Rule 15c2–12(b)(5) 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 continuing disclosure certificates (the “Continuing Disclosure Certificates”) 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—”FORMS OF CONTINUING DISCLOSURE CERTIFICATES” 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 Certificates 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 2019 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. Failure to comply with certain of such covenants could cause interest on the Series 2019 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2019 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 2019 Bonds. In addition, in the opinion of Bond Counsel, interest on the Series 2019 Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS” herein.

Certain Risk Factors

Certain events could affect the ability of the City to make the Series 2019 Lease Payments when due. See “CERTAIN 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 2019 Bonds.

Other Information

The descriptions herein of the Series 2019 Indentures, the Series 2019 Lease Agreements and other agreements relating to the Series 2019 Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2019 Bonds are qualified in their entirety by the forms 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, 333 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 receipt 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 2019 Bonds is as follows:

<u>Estimated Sources:</u>	<u>Series 2019A Bonds</u>	<u>Series 2019B Bonds</u>	<u>Total</u>
Principal Amount			
Plus: Original Issue Premium			
Plus: Amounts Available from Refunded Bonds			
Total Sources			
<u>Estimated Uses:</u>			
Deposit to Series 2019A Project Fund			
Deposit to Series 2019B Escrow Fund			
Costs of Issuance ⁽¹⁾			
Total Uses			

⁽¹⁾ Includes, but is not limited to, the Underwriter’s discount, the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, the Municipal Advisor and the rating agencies, costs of printing the Official Statement and other costs incurred by the Authority and the City in connection with the issuance and delivery of the Series 2019 Bonds.

PLAN OF FINANCING

Series 2019A Bonds

A portion of the Series 2019A Bonds will be used to pay costs of the construction of the Public Safety Parking Garage Project (the “Project”). The Project consists of the design and construction of a five level above ground, 334 stall parking garage (the “Public Safety Parking Garage”). The Public Safety Parking Garage will have two-way vehicular circulation throughout, with two way ramps between levels and parking stalls running along the ramps between levels. All parking stalls within the garage will be 90-degree parking except for two parking stalls on the entrance that will be parallel parking for larger vehicles. At least 5% of the parking stalls will be designated for electrical vehicles and charging stations will be installed at these locations. Dedicated ADA compliant parking spaces will also be provided per code. Two open staircases will be located on North-West and South-East corners of the garage structure. One ADA compliant elevator will be provided.

The parking structure façade facing Chestnut Avenue will include an artistic screening element. This will be designed in a way to compliment the surrounding buildings and enhance the visual experience for pedestrians and vehicles utilizing the Chestnut Avenue exit. Ventilation requirements will be achieved by natural airflow, thus reducing the need for additional mechanical systems. The construction will incorporate sustainable design principles such as in the materials used; the use of energy efficient lighting and the reuse of storm water. Construction of the Public Safety Parking Garage is anticipated to begin in late 2019 with completion in 2020.

Series 2019 B Bonds

A portion of the proceeds of the Series 2019B Bonds, together with other available moneys, will be deposited in an escrow fund (the “Escrow Fund”) to be created and maintained by U.S. Bank National Association, acting as escrow agent (the “Escrow Agent”) under an escrow agreement (the “Escrow Agreement”), by and between the City and the Escrow Agent. Moneys in the Escrow Fund will remain uninvested and held in cash, and applied to pay the principal of and interest on the Refunded Bonds on May 20, 2020. Upon the deposit of the portion of the Bond proceeds in the Escrow Fund, [together with

other available moneys, as described above,] the Refunded Bonds will be discharged in accordance with the indenture pursuant to which the Refunded Bonds were issued.

Certain information relating to the Refunded Bonds is set forth below.

**Long Beach Bond Finance Authority
Lease Revenue Refunding Bonds, Series 2006B
(Parks/Open Space Financing Project)
Redemption Date: May 20, 2020**

Maturity Date (May 1)	Principal Amount	Interest Rate	Redemption Price (1)	CUSIP† Number
2020	\$1,405,000	4.000%	100%	542402 JZ6
2021	1,465,000	4.125	100	542402 KA9
2022	1,525,000	4.200	100	542402 KB7
2023	1,585,000	4.250	100	542402 KC5
2026	5,215,000	5.000	100	542402 KD3
2031	3,825,000	4.500	100	542402 KE1

THE SERIES 2019 PROPERTIES

Series 2019A Property

The Series 2019A Property initially consists of the Energy Resources Administration Building for the City's Gas & Oil Department.

Energy Resources Administration Building. The Energy Resources Administration Building, located at 2400 East Spring Street, was built in 1970. It is the headquarters for the City's Gas & Oil Department. The main office building is 22,244 square feet and provides office space to primarily the City's Gas functions for the following services Business Operations (accounting, payroll and oversight of gas warehouse), Gas Supply (gas purchases), Engineering, Gas Construction, Gas Customer Service (turning gas pilots on/off, installation of new gas meters, and gas pipeline maintenance), and Safety Division (occupational safety). The building also houses an auditorium used by various departments for training purposes and other functions. The Gas section's warehouse is located on the same parcel near this building. The Executive Director's Office, which manages the City's gas and oil operations are located in this building; however, most of the Oil operations are housed at other locations.

Series 2019B Property

The Series 2019B Property initially consists of the City's Health Administration Building.

Health Administration Building. The Health Administration Building, located at 2525 Grand Avenue, was remodeled and occupied by the City's Health Department in 1993. The building is 57,350 square feet. The building provides office space for approximately 250 City employees providing various health services. These services include Occupational Health, Support Services, Environmental Health (Vector Control, Hazardous Material, Food Inspections), Human & Social Services (Rehabilitation Services, Homeless Services), Preventive Health (STD Clinical Services, Epidemiology, Vital Statistics), Public Health (Tobacco Education/Health Program, Laboratory Services), Nursing Services, Maternal & Adolescent Health Program, Nutrition Services, WIC Program, and Travel Immunizations.

Substitution of Property

The Series 2019 Lease Agreements provide 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 2019A Property or the Series 2019B Property, as applicable, subject to satisfaction of the requirements of the respective Series 2019 Lease Agreement. The Series 2019 Lease Agreements specify a number of conditions which must be met prior to such addition, substitution or deletion. In particular, the Series 2019A Lease Agreement provides for the substitution of the Public Safety Parking Garage as the Series 2019A Property upon satisfaction of the conditions set forth in the Series 2019A Project Lease.

See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — PROJECT LEASE – Additional, Substituted or Deleted Portions of the Project.”

THE SERIES 2019 BONDS

General

The Series 2019 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2019 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 2019 Bonds is payable semiannually on each Interest Payment Date, commencing February 1, 2020, 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 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 2019 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 2019 Bond will be paid by check of the Trustee upon presentation and surrender thereof at the corporate trust office of the Trustee, except as provided in APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.” Principal of and interest on the Series 2019 Bonds is payable in lawful money of the United States of America.

Each Series 2019 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, 2019, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2019 Bond, interest thereon is in default, such Series 2019 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Series 2019 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC,” and together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Series 2019 Bonds. *So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof means Cede & Co. as aforesaid, and not the Beneficial Owners of the Series 2019 Bonds.* So long as Cede & Co. is the registered owner of the Series 2019 Bonds, principal of and interest on the Series 2019 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 2019 Bonds

Any Series 2019 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 2019 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 2019 Bond will not be permitted by the Trustee during the period established by the Trustee for selection of Series 2019 Bonds for redemption or if such Series 2019 Bond has been selected for redemption pursuant to the Indenture. Whenever any Series 2019 Bond or Series 2019 Bonds are required to be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Series 2019 Bond or Series 2019 Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Series 2019 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Any Series 2019 Bond may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Series 2019 Bonds of other authorized denominations and of like maturity. Exchange of any Series 2019 Bond will not be permitted during the period established by the Trustee for selection of Series 2019 Bonds for redemption or if such Series 2019 Bond has been selected for redemption. The Trustee may require the Series 2019 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Redemption Provisions

Sinking Account Redemption

Series 2019A Bonds. The Series 2019A Bonds maturing on August 1, 20__ (the “Series 2019A Term Bonds”) are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule 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 (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Series 2019A Term Bonds have been redeemed as described in paragraphs (b) or (c) below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Series 2019A Term Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the City and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Redemption Date
(August 1)

Principal Amount

*Maturity

Series 2019B Bonds. The Series 2019B Bonds maturing on August 1, 20__ (the “Series 2019B Term Bonds”) are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule 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 (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Series 2019B Term Bonds have been redeemed as described in paragraphs (b) or (c) below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be

reduced in an amount equal to the principal amount of the Series 2019B Term Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the City and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Redemption Date
(August 1)

Principal Amount

*Maturity

Optional Redemption

The Series 2019 Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their respective stated maturities. The Series 2019 Bonds maturing on or after August 1, 20__, shall be subject to optional redemption, in whole or in part, upon thirty (30) days written notice to the Trustee by the Authority, at the direction of the City, of its intention to optionally prepay all or a portion of the respective Series 2019 Lease Payments, on any date on or after August 1, 20__, from any available source of funds of the City, at a redemption price equal to the principal amount of the Series 2019 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption from Insurance or Condemnation Proceeds

The Series 2019 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 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. 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 Series 2019 Bonds Outstanding following such redemption.

Extraordinary Optional Redemption of Series from Series 2019A Bonds from Excess Proceeds

The Series A Bonds are subject to extraordinary redemption at the option of the City from moneys remaining in the Project Fund upon the completion of the Public Safety at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Selection of Series 2019 Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Series 2019 Bonds of a particular Series or maturity, the Trustee shall select the Series 2019 Bonds to be redeemed from all Series 2019 Bonds of such Series or maturity or such given portion thereof not previously called for redemption, in inverse order of maturity and by lot with a maturity in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, the Trustee shall treat each Series 2019 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 2019 Bond. If less than all the Outstanding Series B 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 Series 2019 Bonds Outstanding following such redemption.

Notice of Redemption

Notice of redemption will be mailed 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 2019 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 Series 2019 Bonds to be redeemed, the maturity or maturities of the Series 2019 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 will 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 will cease to accrue, and will require that such 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 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 2019 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 2019 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 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 Series 2019 Bonds surrendered and of the same interest rate and maturity.

Effect of Redemption

If notice of redemption has been given, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Series 2019 Bonds (or portions thereof) so called for redemption are being held by the Trustee, on the redemption date designated in such notice, the Series 2019 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Series 2019 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 Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

SECURITY FOR THE SERIES 2019 BONDS

General

Series 2019A Bonds. The Series 2019A Bonds are limited obligations of the Authority payable solely from and secured solely by the Series 2019A Revenues pledged therefor under the Series 2019A Indenture, together with amounts on deposit from time to time in certain funds and accounts held by the Trustee under the Series 2019A Indenture. "Series 2019A Revenues" means (i) all Series 2019A Lease Payments and certain amounts paid, or caused to be paid, by the City, and received by the Authority pursuant to the Series 2019A Lease Agreement (but not Additional Payments), and (ii) all interest or other income from the investment of amounts in certain funds and accounts established pursuant to the Series 2019A Indenture.

Series 2019B Bonds. The Series 2019B Bonds are limited obligations of the Authority payable solely from and secured solely by the Series 2019B Revenues pledged therefor under the Series 2019B Indenture, together with amounts on deposit from time to time in certain funds and accounts held by the Trustee under the Series 2019B Indenture. “Series 2019B Revenues” means (i) all Series 2019B Lease Payments and certain amounts paid, or caused to be paid, by the City, and received by the Authority pursuant to the Series 2019B Lease Agreement (but not Additional Payments), and (ii) all interest or other income from the investment of amounts in certain funds and accounts established pursuant to the Series 2019B Indenture.

Assignment to Trustee. Under each of the Series 2019 Indentures, the Authority assigns to the Trustee, for the benefit of the Owners from time to time of the related Series 2019 Bonds, all of the Series 2019A Revenues or Series 2019B Revenues, as applicable, and all of the rights of the Authority in the related Series 2019 Lease Agreements (except for the right to receive any Additional Payments to the extent payable to the Authority and certain rights to indemnification set forth therein). The Trustee is entitled to collect and receive all of the respective Series 2019 Revenues, and any Series 2019 Revenues collected or received by the Authority are required to be held, and to have been collected or received, by the Authority as the agent of the Trustee and must be paid by the Authority to the Trustee.

The Series 2019A Bonds and Series 2019B Bonds are separately issued and secured. The Series 2019A Bonds are secured under the 2019A Indenture which pertains exclusively to the Series 2019A Bonds. The Series 2019B Bonds are secured under the Series 2019B Indenture, which pertains exclusively to the Series 2019B Bonds. A Holder of the Series 2019A Bonds will have no claim on the revenues or funds securing the Series 2019B Bonds; a Holder of the Series 2019B Bonds will have no claim on the revenues or funds securing the Series 2019A Bonds. The Series 2019A Lease Payments do not secure, and are not available for payment of the Series 2019B Bonds under any circumstances, including but not limited to the insufficiency of Series 2019B Lease Payments to pay the Series 2019B Bonds as a result of abatement of the Series 2019B Lease Payments. The Series 2019B Lease Payments do not secure, and are not available for the payment of, the Series 2019A Bonds under any circumstances, including but not limited to the insufficiency of Series 2019A Lease Payments to pay the Series 2019A Bonds as a result of abatement of the Series 2019A Lease Payments.

Limited Obligation

THE SERIES 2019 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 INDENTURE AND THE REVENUES DERIVED FROM THE RELATED SERIES 2019 LEASE PAYMENTS BY THE CITY PURSUANT TO THE RELATED SERIES 2019 LEASE AGREEMENT. THE CITY HAS COVENANTED IN THE SERIES 2019 LEASE AGREEMENT TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL RESPECTIVE SERIES 2019 LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE SERIES 2019 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE SERIES 2019 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 2019 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

Each Series 2019 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, 2020 (the “Lease Payment Dates”), an amount equal to the applicable aggregate Series 2019 Lease Payment coming due and payable on each such Lease Payment Date. The respective Series 2019 Lease Payments payable in any fiscal year of the City constitute payment for the use and possession of the applicable Series 2019 Property during such fiscal year. The City will receive a credit towards payment of the respective Series 2019 Lease Payments for amounts on deposit in the applicable Series 2019 Revenue Fund (including the Interest Account and the Principal Account therein) on each Lease Payment Date.

The Series 2019A Lease Payments are calculated to be sufficient to pay, when due, the principal of and interest on the Series 2019A Bonds. The Series 2019B Lease Payments are calculated to be sufficient to pay, when due, the principal of and interest on the Series 2019B Bonds.

In addition to the Series 2019 Lease Payments, under each of the Series 2019 Lease Agreements, the City is required to pay when due the following Additional Payments: (a) any fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the related Series 2019 Property as and when the same become due and payable; (b) any amount due to the Trustee pursuant to the terms of the related Series 2019 Indenture; (c) any 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 related Series 2019 Lease Agreement or Series 2019 Indenture; (d) any reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of the related Series 2019 Lease Agreement or Series 2019 Indenture or in connection with the issuance of the Series 2019 Bonds; and (e) any amounts due and payable by the City as arbitrage rebate under section 148 of the Code with respect to the related Series 2019 Bonds.

Pursuant to each Series 2019 Lease Agreement, the City covenants to take such action as may be necessary to include all related Series 2019 Lease Payments due thereunder in its annual budgets and to make annual appropriations therefor. As provided in the Series 2019 Lease Agreements, 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 officials to enable the City to carry out and perform the covenants and agreements in the Series 2019 Lease Agreements agreed to be carried out and performed by the City.

California law requires, and each of the Series 2019 Lease Agreements provides, that the applicable Series 2019 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 related Series 2019 Property by the City due to damage, destruction or taking in eminent domain proceedings. Under these circumstances, failure to make any Series 2019 Lease Payment will not be an event of default under the related Series 2019 Lease Agreement. See “SECURITY FOR THE SERIES 2019 BONDS—Abatement” below.

Series 2019 Lease Payments made by the City to the Authority are payable from any moneys lawfully available to the City therefor. Each of the Series 2019 Lease Agreements and Series 2019 Indentures require that respective Series 2019 Lease Payments be deposited in the related Series 2019 Revenue Fund maintained by the Trustee, which fund is held for the benefit of the owners of the related Series 2019 Bonds.

No Reserve Accounts

Debt service reserve accounts will not be established for the Series 2019 Bonds.

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

The Series 2019 Lease Agreements provide 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 2019A Property or the Series 2019B Property, as applicable, subject to satisfaction of the requirements of the respective Series 2019 Lease

Agreement. The Series 2019 Lease Agreements specify a number of conditions which must be met prior to such addition, substitution or deletion. In particular, the Series 2019A Lease Agreement provides for the substitution of the Public Safety Parking Garage as the Series 2019A Property upon satisfaction of the conditions set forth in the Series 2019A Project Lease.

See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — PROJECT LEASE – Additional, Substituted or Deleted Portions of the Project.”

Insurance and Condemnation Awards

In the event of any damage to or destruction of any part of the Series 2019 Properties covered by insurance, the Authority, except as hereinafter provided, is required to cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the such Series 2019 Property, and the Trustee is required to hold said proceeds in a fund established by the Trustee under the related Series 2019 Indenture for such purpose separate and apart from all other funds, to the end that such proceeds are required to be applied to the repair, reconstruction or replacement of such Series 2019 Property to at least the same good order, repair and condition as was the case prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee is required to invest said proceeds in Permitted Investments pursuant to the Written Request of the City, as agent for the Authority under the related Series 2019 Lease Agreement, and withdrawals of said proceeds are required to be made from time to time upon the filing of a Written Request of the City with the Trustee, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Property, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City is required to file a written certificate with the Trustee to the effect that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace such Series 2019 Property. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance are required to be treated by the Trustee as Series 2019 Lease Payments. Alternatively, the City, at its option, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of such Series 2019 Property, or that portion, in the case of partial damage or destruction of the Series 2019 Property, of the related Series 2019 Lease Payments relating to the damaged or destroyed portion of the related Series 2019 Property, may elect not to repair, reconstruct or replace the damaged or destroyed portion of such Series 2019 Property and thereupon is required to cause said proceeds to be used for the redemption of the related Outstanding Series 2019 Bonds. See “THE SERIES 2019 BONDS—Extraordinary Redemption from Insurance or Condemnation Proceeds.”

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 2019 Property or to prepay all related Series 2019 Lease Payments with respect to the related Series 2019 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 2019 Lease Agreements.

Abatement

Each Series 2019 Lease Agreement provides for the abatement of the related Series 2019 Lease Payments during any period in which by reason of damage to or destruction of the related Series 2019 Property (other than by eminent domain which may also cause abatement of the Series 2019 Lease Payments as described below), which causes substantial interference with the use and occupancy by the City of the related Series 2019 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 related Series 2019 Lease Payments represent fair consideration for the use and occupancy of the portions of the related Series 2019 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. In the event of any such damage or destruction, the related Series 2019 Lease Agreement will continue in full force and effect and the City waives any right to terminate the Series 2019 Lease Agreement by virtue of any such damage and destruction. There will be no abatement of the Series 2019 Lease Payments to the extent that moneys derived from insurance proceeds or proceeds from an eminent domain proceedings are available to pay the amount which would otherwise be abated or if there is any money available in the related Series 2019 Bond Fund to pay the amount which would otherwise be abated. See “SECURITY FOR THE SERIES 2019 BONDS—Insurance.”

If all of either of the Series 2019 Properties is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the related Series 2019 Lease Agreement will terminate with respect to the related Series 2019 Property as of the day possession is so taken. If less than all of the related Series 2019 Property is taken permanently, or if all of the related Series 2019 Property or any part thereof is taken temporarily under the power of eminent domain, (a) the related Series 2019 Lease Agreement will continue in full force and effect, and (b) there will be a partial abatement of the related Series 2019 Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Series 2019 Lease Payments for the related Series 2019 Property represent fair consideration for the use and occupancy of the remaining usable portion of the related Series 2019 Property.

Insurance

Public Liability and Property Damage Insurance. The City is required under each of the Series 2019 Lease Agreements to procure and maintain or cause to be procured and maintained, throughout the term of the Series 2019 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 related Series 2019 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 2019 Lease Agreements, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The net 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 each of the Series 2019 Lease Agreements to procure and maintain or cause to be procured and maintained, throughout the term of the Series 2019 Lease Agreement, insurance against loss or damage to the improvements constituting a part of the related Series 2019 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 related Series 2019 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 “SECURITY FOR THE SERIES 2019 BONDS—Insurance and Condemnation Awards” above.

Rental Interruption Insurance. Each Series 2019 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 related Series 2019 Property as a result of certain hazards, in an amount at least equal to the maximum related Series 2019 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 sixty days in duration. The proceeds of such insurance, if any, will be paid to the Trustee and deposited in the related Series 2019 Revenue Fund, and will be credited towards the payment of the related Series 2019 Lease Payments as the same become due and payable.

Title Insurance. The City is required to obtain upon the execution and delivery of each Series 2019 Lease Agreement, a CLTA policy of title insurance on the related Series 2019 Property, in an amount not less than the aggregate initial principal amount of related Series 2019 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 related Series 2019 Lease Agreement and are required to be applied by the Trustee to the redemption of the related Series 2019 Bonds.

Debt Service Schedule

The following table sets forth the annual debt service due on the Series 2019 Bonds, assuming no redemption of the Series 2019 Bonds prior to maturity.

Fiscal Year Ending September 30	Series 2019A Bonds		Series 2019B Bonds		Total
	Principal	Interest	Principal	Interest	

Pursuant to each of the Series 2019 Lease Agreements, the City is required, subject to abatement (see “SECURITY FOR THE SERIES 2019 BONDS—Abatement”), to make the related Series 2019 Lease Payments which have been calculated to be sufficient to make the scheduled interest and principal payments due on the related Series 2019 Bonds.

No Additional Bonds

Pursuant to the Series 2019 Indentures, the Authority may not issue additional bonds, notes or other indebtedness which would be payable out of the related Series 2019 Revenues in whole or in part.

However, the Series 2019 Lease Agreements 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 (see “CITY FINANCIAL INFORMATION—Bonded Indebtedness”), which may also include lease obligations payable from its General Fund.

THE AUTHORITY

The Authority is a joint exercise of powers agency 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, and 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 2019 Indentures, the Authority has no liability to the Owners or Beneficial Owners of the Series 2019 Bonds and has pledged none of its moneys, funds or assets toward the payment of any amount due in connection with the Series 2019 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 2019 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”). The City is the second largest city in the County and the seventh largest city in the State. The center of the City is 22 miles south of downtown Los Angeles, 450 miles south of San Francisco and 110 miles north of San Diego. The City has long been a major industrial center and popular beach resort area.

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, as well as cargo flights operated by Federal Express and United Parcel Service.

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

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, liabilities, reserves, fund balances, revenues and expenditures.

The modified accrual basis of accounting is followed for the General Fund, Special Revenue Accounts, Capital Projects, Expendable Trust and Agency 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 Proprietary and Internal Service Funds.

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. In a recent election, the Mayor was granted line-item veto. 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 successfully 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 governmental 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 quarterly basis. The City Manager may transfer appropriations within the departments, and 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 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.

In addition, the City's budgetary process may be affected by the fiscal condition of the State. See "CITY FINANCIAL INFORMATION—Current Financial Condition of the City" below.

Recent Voter-Approved Measures

City voters have recently approved several measures which positively impact 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 transaction and use (sales) tax for a ten year period, commencing January 1, 2017, at a rate of 1% for the first six years, and declining to 0.5% for the remaining four years. The tax automatically terminates on December 31, 2026. Measure A requires that a five-member citizens' advisory committee be established to review the City's use of the funds and to advise and make recommendations on the use of the funds by the City. The measure further requires annual audits of expenditures. The City expects that Measure A will generate approximately \$54 million annually through 2022, and between \$28 and \$34 million through its expiration in 2026.

On February 23, 2016, City Council passed a resolution that prioritizes spending of future Measure A revenues to be spent on the costs of providing public safety services and to be spent on the costs of improving and maintaining the City's infrastructure. This direction has been incorporated into the City's budgets since the approval of Measure A.

Measure B. On June 7, 2016, voters in the City also approved Measure B, which amended the Long Beach Municipal Code to establish a Budget Stabilization (or "rainy day") 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 one percent of any new general tax revenues generated each year, commencing with Fiscal Year 2017-18. This includes new revenues from Measure A (described above). Up to fifty percent 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 two percent or greater reduction in funding for general City services, as compared to the prior year's base budget required to maintain those services.

Under Measure B, the City Council cannot expend funds from the Budget Stabilization Fund more than three consecutive years, after which the City Council must consider alternative revenue sources or permanent reductions in general City services for future years. At no time could the balance of the fund exceed five percent of the City's general fund revenues forecast in the adopted budget for the subsequent fiscal year. Measure B also includes mechanisms to establish and suspend automatic transfers to the fund based on revenue forecasts. As of September 30, 2018, over \$1 million has been placed into the Measure B "Rainy Day" reserve.

Measure M. In June 2018, voters in the City approved Measure M, which amended the City Charter to authorize the City to continue to transfer revenue from its water, sewer, and gas utilities to the General fund in an amount not to exceed 12 percent of each utility's annual gross revenue. In connection with the ballot, the City estimated that Measure M could generate approximately \$25.5 million annually for the General Fund if

the transfer was applied at the maximum level set forth in Measure M. Based on the level of transfer currently approved by the City Council, the Fiscal Year 2018-1 Adopted Budget includes approximately \$12 million of Measure M revenues.

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, passage of Measure M required the approval of two-thirds of the voters voting in the June 2018 election. The litigation is currently in its early stages, and the City does not expect a trial in the matter until early 2020.

One of the plaintiffs had previously brought litigation against the City relating to transfers to the General Fund from the City utilities prior to the passage of Measure M. The City and that plaintiff entered into a settlement agreement relating to the previous lawsuit in November 2017 pursuant to which the parties agreed, among other things, that, the City would not make transfers of utility funds in excess of an amount established annually by a mutually agreed upon methodology (expected to average about \$4 million annually). Therefore, in the event that the City does not prevail in the Measure M Litigation, the General Fund could be required to reimburse the utilities for annual Measure M transfers in excess of the stipulated amount. The City intends to vigorously defend the legality of Measure M in the Measure M Litigation.

Current Financial Condition of the City

Fiscal Year 2017-18 Budget. On February 19, 2019, the City Department of Financial Management presented to the Council a Fiscal Year 2018 Year-End Budget Performance Report (the “FY 2018 Report”) which included a summary overview of General Fund financial performance in Fiscal Year 2017-18. The FY 2018 Financial Report generally provided that General Fund sources for Fiscal Year 2017-18 totaled \$558.71 million, comprised of \$547.84 million in revenue and \$10.87 million in “other sources” largely made up of the release of reserves for one-times expenditure purposes that were included in the Fiscal Year 2017-18 adopted budget. General Fund uses in Fiscal Year 2017-18 uses totaled \$557.87 million, comprised of \$517.42 million in expenditures; \$28.15 million in other uses (primarily encumbrances and carryover of unspent one-time funds and other liabilities to future fiscal years, many of which the City Council has designated in previous actions) and \$12.29 million in reservations of Measure A funds for future use. (Measure A funds are reviewed and appropriated separately from other General Fund monies, as described below. The FY 2018 Report also stated that General Fund ended Fiscal Year 2017-18 with a positive funds of approximately \$2.34 million General Fund and 0.7 million in the Uplands Fund, which were available due to higher than expected revenues, combined with savings instituted mid-year and additional departmental cost savings.

The FY 2018 Report noted that several major revenue sources exceeded budgeted amounts, including Sales and Use Tax (non-Measure A) revenue, which came in \$6.2 million over budget. The City believes that some of this surplus is attributable to one-time use tax revenue from construction projects and a one-time benefit derived from the State changing its allocation schedule resulting in an extra remittance in Fiscal Year 2017-18 and is not anticipated to continue. Revenue from the sale of oil also was higher than projected (due to higher than expected prices of oil). General Fund revenues also included the one-time transfer of \$9.8 million from the Gas Fund as approved by the City Council on May 22, 2018, which will allow the City to fund strategic one-time investments in Fiscal Year 2019-20 as described below. The FY 2018 Report also noted that certain key revenue sources came in under budgeted amounts, including telephone utility users tax (due to a continued decline in the number of land-lines and competitive prices), cannabis-related revenues due primarily to cannabis businesses taking longer to start operations, and a shortfall from the utility revenue transfers of about \$6 million, due to the adverse impacts of the Measure M Litigation described above.

The FY 2018 Report also addressed revenues attributable to Measure A. The Fiscal Year 2017-18 adopted budget initially included \$47.7 million in anticipated Fiscal Year 2017-18 Measure A revenues to fund priority public safety maintenance and restorations, capital improvement projects and funds for the administration of the Measure A tax. Actual Fiscal Year 2017-18 Measure A revenues were \$61.5 million. Excluding funds already obligated for one-time public safety and infrastructure purposes, there were \$7.9

Fiscal Year 2018-19 Budget. The City Council adopted the Fiscal Year 2018-19 Budget (the “Adopted Fiscal Year 2018-19 Budget”) on September 4, 2018. See Table 2. The Adopted 2018-19 Budget assumes revenue growth (exclusive of non-recurring revenue) of approximately __ percent (or approximately \$__ million) over estimated actual Fiscal Year 2017-18 revenues. The Fiscal Year 2018-19 Adopted Budget also assumes \$54.5 million in Measure A revenue. General Fund expenses are expected to increase by __% (or approximately \$__ million).

In connection with the development of the budget for Fiscal Year 2018-19, the City had initially projected a deficit of approximately \$__ million (absent corrective actions). In order to address this, the Fiscal Year 2019-20 Budget Adopted Budget including a variety of adjustments, including the use of an additional \$6.3 million in Measure A revenues (for a total use of \$11 million in Measure A revenues for maintenance of services in Fiscal Year 2018-19), a \$3.3 million increase in revenues due to increased parking citation fines;

The City also prepared an analysis of potential budget shortfalls in future fiscal years (absent corrective actions). Such projections, which were based on a variety of assumptions concerning revenue and expense growth, employee compensation changes, and other factors, indicated potential shortfalls of approximately \$17.6 million in Fiscal Year 2019-20, and an additional \$7.8 million in Fiscal Year 2020-21.

[[WILL THERE BE A MID YEAR BUDGET REPORT BEFORE POSTING IN APRIL?]]

Financial Statements

The accompanying financial statements 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.

Each year the City adopts and maintains a balanced budget in accordance with California law. 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 funds to pay some of its general expenditures where permitted by law. The City has not increased general taxes to provide money for general fund expenditures since June 1992.

The following financial statements reflect transactions and balances in the City’s General Fund. Table 1 provides a statement of revenues, expenditures and changes in fund balances. Table 2 presents the City’s final General Fund budget for Fiscal Year 2017-18, the City’s audited actuals for the General Fund for Fiscal Year 2017-18, and the City’s adopted General Fund budget for Fiscal Year 2018-19. These tables are excerpts from the City’s financial statements and may not include all relevant information. A complete compilation of the City’s financial statements attached hereto as APPENDIX B—“COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018” including the footnotes thereto, is necessary in order to make an informed investment decision.

TABLE 1
CITY OF LONG BEACH
General Fund Revenues and Expenditures
(in Thousands) [[UPDATE FOOTNOTES]]

	Fiscal Year Ended September 30,				
	2014	2015	2016	2017	2018
REVENUES					
Property Taxes	\$ 141,898	\$ 151,111	\$ 151,167	\$ 155,204	\$ 157,906
Other Taxes ⁽²⁾	126,915	134,929	138,228	168,941	205,942
Franchise Fees	26,175	25,915	24,911	25,912	20,308
Licenses and Permits	14,899	15,170	16,469	17,057	18,501
Fines and Forfeitures	16,166	15,988	16,292	16,184	15,946
Use of Money and Property	52,219	36,327	37,704	30,119	35,470
From Other Agencies	5,932	4,668	3,040	3,798	5,723
Charge for Services	26,415	26,310	27,514	31,663	38,797
Other	6,845	6,139	7,884	6,838	7,749
Total Revenue	\$ 417,464	\$ 416,557	\$ 423,209	\$ 455,716	\$ 506,342
EXPENDITURES CURRENT					
Legislative and Legal	\$ 11,373	\$ 9,604	\$ 11,420	\$ 11,518	\$ 13,378
General Government	17,769	16,900	19,669	20,823	23,521
Public Safety	277,741	282,516	290,142	332,143	341,050
Public Health	5,371	5,876	6,106	6,774	8,464
Community and Cultural	41,215	41,849	42,847	46,781	46,607
Public Works	30,706	34,917	37,415	43,113	41,975
Oil Operations	4,309	3,512	2,352	2,563	2,945
Total Current Expenditures	\$ 388,484	\$ 395,174	\$ 409,951	\$ 463,715	\$ 477,940
Excess of Revenues Over (Under) Expenditures	28,980	21,383	12,918	(8,008)	
Other Financing Sources (Uses)					
Debt Issuance	\$ 1,012	\$ --	\$ 13,150	\$ --	\$ 89
Operating Transfers In ⁽³⁾	18,729	16,944	19,407	46,525	57,689
Operating Transfers Out ⁽⁴⁾	(68,179)	(44,575)	(47,967)	(45,720)	(53,026)
Total Other Financing Sources (Uses)	\$ (48,438)	\$ (27,631)	\$ (14,365)	\$ 805	\$ 4,663
Net Change in Fund Balances ⁽⁵⁾	(19,458)	(6,248)	(1,447)	(7,203)	32,976
Fund Balance–October 1	137,737	118,279	112,031	110,584	103,381
Fund Balance–September 30	\$ 118,279	\$ 112,031	\$ 110,584	\$ 103,381	\$ 136,357

⁽¹⁾ Fiscal Year 2013 Property Tax Revenue contained \$33.1 million in post dissolution funds from the City's dissolved redevelopment agency, \$10.8 million in Proposition 1A repayment from the State and \$6.4 million in litigation proceeds related to property tax administration fees. The majority of these funds are considered one-time in nature.

⁽²⁾ Includes sales and use tax, utility users tax, other taxes and property tax in lieu of sales and use tax from Proposition 57.

⁽³⁾ The City regularly transfers current financial resources from one fund to another. In Fiscal Year 2015, the Gas Utility Fund transferred moneys to the General Fund (\$10.7 million) as permitted by the City Charter. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS–Proposition 26." In addition, Cable Franchise revenues are received in the General Services Fund and then transferred to the General Fund (\$3.7 million).

⁽⁴⁾ The City regularly transfers current financial resources from one fund to another. Typically, General Fund surpluses resulting from expenditure savings or additional revenues are transferred for one-time purposes in subsequent years. In Fiscal Year 2015, the General Fund transferred approximately \$25.8 million to the Non-Major Governmental Funds (including \$7.3 million of such transfer was to the General Debt Service Fund and approximately \$16.2 million of such transfer was to the General Capital Projects Fund). Additionally, in Fiscal Year 2015, the General Fund transferred approximately \$18.8 million to the Internal Service Fund, including \$2.0 million to the Civic Center Fund and \$13.5 million to the Employee Benefit Fund to fund previously unfunded liabilities and a reserve to smooth CalPERS (defined herein) fluctuations.

⁽⁵⁾ The City has used previous years' general fund balances (previous years' surplus) to cover one-time expenses or transfers out for one-time purposes such as infrastructure and other projects.

Source: City of Long Beach Summary Financial Information Continuing Disclosure for Fiscal Year ended September 30, 2014 for (Fiscal Years 2010-11 through 2013-14 data); City of Long Beach, California Comprehensive Annual Financial Report, Fiscal Year ended September 30, 2015 (2015 data).

TABLE 2
CITY OF LONG BEACH
General Fund Budgets [[UPDATE FOOTNOTES]]
(in Thousands)

	<i>Fiscal Year Ending 9/30</i>		
	Adopted 17-18	Actual 17-18	Adopted 18-19
REVENUES			
Property Taxes	\$ 160,339	\$ 157,906	\$ 169,942
Other Taxes	185,071	205,942	192,586
Franchise Fees	25,797	20,308	26,248
Licenses and Permits	23,185	18,501	25,111
Fines and Forfeitures	15,592	15,946	19,089
Use of Money & Property	28,446	33,996	18,540
From Other Agencies	4,398	5,723	4,910
Charge for Services	35,042	38,797	43,935
Other	4,293	7,749	3,888
Total Revenue	\$ 482,163	\$ 504,868	\$ 504,249
EXPENDITURE CURRENT			
Legislative and Legal	\$ 14,638	\$ 13,378	\$ 13,492
General Government	22,042	23,814	23,436
Public Safety	330,261	341,079	354,272
Public Health	7,981	8,472	2,839
Community & Cultural	49,640	46,587	58,762
Public Works	40,016	42,257	41,141
Oil Operations	1,299	2,945	3,243
Total Current Expenditures	\$ 465,877	\$ 478,532	\$ 497,185
DEBT SERVICE			
Principal	-	80	-
Interest	-	9	-
Fiscal Agent Fees	-	-	-
Cost of New Bond Issuance	-	-	-
Total Expenditures	\$ 465,877	\$ 478,621	\$ 463,952
Excess of Revenues (over (Under)			
Expenditures	16,286	28,313	7,064
Proceeds from Other Long-Term Obligations			
Discount on Debt Issuance	-	-	-
Payment to Refunded Bond Escrow Agent			
Advanced Capitalized Interest	-	-	-
Operating Transfers In	20,421	57,689	22,410
Operating Transfers Out	(36,386)	(53,026)	(40,900)
Total Other Financing Sources (Uses)	(15,965)	(4,663)	18,490
Net Change In Fund Balances	321	30,910	(11,426)
Beginning Fund Balance - October 1	103,381	103,381	136,357
Ending Fund Balance - September 30	\$ 103,702	\$ 134,291	\$ 124,931

⁽¹⁾ Includes sales and use tax, utility users tax, other taxes and property tax in lieu of sales and use tax from Proposition 57.

⁽²⁾ The City believes budgeted revenues are generally on track with actuals year to date.

⁽³⁾ The City has used previous years' general fund balances (previous years' surplus) to cover budget shortfalls.

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. Since CalPERS is on a fiscal year ending June 30, all actuarial calculations for the City’s retirement plan are made on a fiscal year 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 ___ - “Retirement Programs” in Appendix B – “Comprehensive Annual Financial Report of the City for the Fiscal Year Ended September 30, 2018” for a additional information concerning the plan, including a summary of employees benefits.

Contribution Rates. In December 2016, the CalPERS Board approved the reduction of the assumed actuarial investment rate from 7.50 to 7.0%, over a two year period. As a result of this action, the City’s required contributions and unfunded liabilities significantly increased. In addition, as a result of the change in investment rate and other factors, the City’s required annual contributions to CalPERS are projected to significantly increase. Employees in the City are required to pay the full portion of their required employee pension contributions.

The following tables show the City’s contribution rates, as determined by CalPERS.

**TABLE 3
CITY OF LONG BEACH
CalPERS Contribution Rates
(in Thousands)**

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

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

Source: CalPERS Actuarial Reports for the City.

The actuarial report for the Safety Plan for the City as of June 30, 2017 (the most recent currently available), included projections for the Safety Plan prepared by CalPERS through Fiscal Year 2024-25. CalPERS projects that the Safety Plans normal cost contribution will increase to 21.7%, and the unfunded liability payment will increase to approximately \$51.9 million.

The actuarial report for the Miscellaneous Plan for the City as of June 30, 2017 (the most recent currently available), also included projections for the Miscellaneous Plan prepared by CalPERS through Fiscal Year 2024-25. CalPERS projects that the Safety Plans normal cost contribution will increase to 11.0%, and the unfunded liability payment will increase to approximately \$63.4 million.

Actual required payments to CalPERS will depend on a variety of factors, including investment returns and changes in actuarial assumptions.

Actuarially Determined Contributions. Commencing with the City’s Comprehensive Annual Financial Report, Fiscal Year ended September 30, 2015, the City has utilized the concept of “actuarially determined contribution” in place of “annual pension cost” which it had previously utilized in annual financial reports. See Note __- “Retirement Programs” and the Required Supplementary Information in Appendix B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018.”

TABLE 4
CITY OF LONG BEACH
CalPERS Actuarially Determined Contribution⁽¹⁾
(in Thousands)

Fiscal Year	Miscellaneous Actuarially Determined Contribution	Safety Actuarially Determined Contribution	Total Actuarially Determined Contribution	Percentage Contribution
2015	\$35,136	\$29,815	\$64,951	100%
2016	39,877	32,845	72,722	100
2017	45,864	39,371	85,235	100
2018	53,278	46,437	99,715	100

Source: City of Long Beach, California Comprehensive Annual Financial Report.

⁽¹⁾ Does not include debt service on the City’s pension obligation bonds.

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)

<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>
<u>Miscellaneous Employees</u>						
2013	\$1,652,793	\$2,143,507	\$490,714	77.1%	\$219,853	223.2%
2014	1,878,567	2,317,460	438,892	81.1	216,723	202.5
2015	1,854,568	2,380,264	525,954	77.9	221,565	237.3
2016	1,798,587	2,451,922	653,334	73.4	227,944	286.6
2017	1,932,183	2,527,614	595,430	76.4	235,744	252.5
<u>Safety Employees</u>						
2013	\$1,659,337	\$2,002,964	\$343,627	82.8%	% 121,770	282.2%
2014	1,886,789	2,170,646	283,857	86.9	123,558	229.7
2015	1,863,660	2,235,103	371,444	83.4	124,067	299.3
2016	1,807,038	2,299,859	492,821	78.6	122,845	401.1
2017	1,944,346	2,408,676	464,330	80.7	132,806	349.6

Source: CalPERS Annual Valuation Reports for the City.

GASB Statement 68. On June 25, 2012, the Governmental Accounting Standards Board (“GASB”) approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. Pursuant to GASB Statement 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 change financial statement reporting requirements, they do not impact funding policies of the pension systems. The Comprehensive Annual Financial Report of the City for the Fiscal Year Ended September 30, 2018 reflects implementation of the GASB requirements, and include recognition of a net pension liability of approximately \$___ million. See “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018.”

Public Agency Retirement System-Defined Benefit Plan. The Public Agency Plan (the “Plan”) is a defined benefit, single employer retirement and death and disability benefits plan provided for special status contractors and seasonally and temporary employees of the City. The Plan, which took effect on January 1, 1995, is administered for the City through a third party administrator. The Plan provides for retirement as well as death and disability benefits to eligible individuals and their beneficiaries.

The Plan benefit is a lifetime monthly annuity equal to 1.50% times the final average of the participant’s highest 36 consecutive months’ salary times the years of service. The Plan requires participant contributions of 6.2% of earnings for special status contractors and 3.0% of earnings for seasonal and temporary employees. All part-time employees enter the Plan upon hire, and all benefits are vested after five years of service for special status contractors or immediately for seasonal and temporary employees, and all employees are always vested in their employee contributions. It is assumed that upon termination, employees

will choose to receive an actuarially equivalent lump sum (based on the actuarial assumptions described below).

The Net Pension Liability for PARs as of September 30, 2018 was \$(445,000), based on a Total Pension Liability relating to the Plan of approximately \$6,048,000 and a Net Position of approximately \$6,493,000. The City recognized a pension expense of \$158,000 in Fiscal Year 2017-18. For additional information about PARs, see Note __- “Retirement Programs” in Appendix B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018.”

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 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. The City has provided two one-time early retirement incentive programs. The first had a maximum value of \$25,000 for employees, based on age, who retired during calendar year 1996, and a second incentive offered a 16 hour increase in sick leave per year of service for management employees who retired by June 30, 2004.

At September 30, 2018, there were 5,886 participants in the City’s Retired Employees Health Insurance Program, and the non-interest bearing cash value equivalent of the remaining unused sick leave for the current retirees totaled \$337.5 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for Fiscal Year 2017-18 were \$8.6 million, and are included in the expenses of the Employee Benefits Internal Service Fund.

Termination Benefits. **[[COMPARE TO CAFR]]** As of September 30, 2018, the City recorded a liability in the Employee Benefits Internal Service Fund of \$__ million, based on an actuarial study of current and future retiree accumulated sick leave performed in accordance with **Governmental Accounting Standards Boards Statement No. 16, “Accounting for Compensated Absences”**. The liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees, an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996 and in 2009 negotiated public safety health benefit supplements. The actuarial study assumes projected investment returns of 4.3% and wage increases of 3.3% per year for safety employees. The estimated current portion of such obligation of \$9.1 million has been fully funded and the long-term portion of the liability of \$129.0 million is being funded, over time, through burden rates charged to the City’s various funds, applied as a percentage of current productive salaries.

Other Postemployment Benefits. **[[COMPARE TO CAFR]]** The ability to participate in the City’s 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. 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 45 and their implicit subsidy are both \$0. This plan does not issue a separate financial report.

Funding Policy. The contribution requirement of 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 plan.

Certain Financial Information Relating to OPEBS. The total OPEB liability in the September 30, 2018 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⁾
(As of September 30, in \$000’s)
(unaudited)

	<u>2017</u>	<u>2018</u>
Total OPEB liability – beginning	\$45,122	49,940
Service cost	2,145	2,818
Interest on total OPEB liability	1,754	1,622
Difference between expected and actual experience	(8,920)	
Changes of assumptions	11,093	(2023)
Benefit payments	<u>(1,254)</u>	<u>(855)</u>
Net change in total OPEB liability	<u>4,818</u>	<u>1,562</u>
Total OPEB liability – ending	<u>\$49,940</u>	<u>\$51,502</u>

Notes to Schedule:

⁽¹⁾ No assets are accumulated in a trust to pay related benefits

Source: City of Long Beach, California Comprehensive Annual Financial Report

See “Note __ – Post Retirement Health Care Benefits” in “APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018” for additional information about the post-retirement health care benefits (including funded status and funding progress) provided to the employees of the City.

Employer/Employee Relations

The City recognizes various employee organizations, the largest ones being the International Association of Machinists (“IAM”), Police Officers Association (“POA”) and Fire Fighters Association (“FFA”), which collectively represent approximately 82% of all City employees in a variety of classifications. Most City employees are covered by negotiated agreements.

The MOUs between the City and seven of our employee groups expired on September 30, 2015, and our Police and Fire MOUs expire September 30, 2016. The City is currently in negotiation with all groups to reach MOU agreements. The City will be working with employees to secure fair agreements that recognize the value of its employees while also addressing the City’s fiscal reality. The City has not experienced a major work stoppage by City employees in the past five years.

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 \$4 million and first \$3 million per occurrence, respectively. In addition, the City has excess insurance coverage up to \$100 million and \$50 million, respectively.

At September 30, 2018, the City accrued non-discounted estimates totaling \$162.9 million for workers’ compensation and general liability claims. This represents estimates 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 \$28.8 million and a long-term liability of \$134.1 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2018 is dependent on future developments. Based upon actuary evaluation, City's management believes that the aggregate accrual adequately represents such losses. See "Note __ – _____" in "APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018" for additional information about the City's insurance coverage and liability Claims

Bonded Indebtedness

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 various commercial paper programs and/or 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 following tables below:

**TABLE 7
CITY OF LONG BEACH
General Fund
Outstanding Debt
(as of September 30, 2018)**

Lease Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Finance Authority of Long Beach, Lease Revenue Bonds, Series 2016A (Courthouse Demolition Project)	2026	\$ 13,150,000	\$ 10,955,000
Finance Authority of Long Beach, Lease Revenue Bonds, Series 2016B (Rainbow Harbor Refinancing Project)	2023	19,115,000	13,840,000
Long Beach Bond Finance Authority, Lease Revenue Refunding Bonds, Series 2012A	2031	54,630,000	52,680,000
Long Beach Bond Finance Authority, Lease Revenue Bonds, Series 2006B (Parks/Open Space Financing Project)	2031	24,320,000	16,370,000
Southeast Resource Recovery Facility Authority Lease Revenue Bonds, Series 2003AB (Non-AMT)	2018	120,235,000	10,885,000
2010 Lease Agreement between Banc Of America Public Capital Corporation and the City of Long Beach	2027	31,450,000	19,365,000
Pension Obligation Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2002A & B Pension Obligation Refunding Taxable Bonds	2021	\$ 76,550,000	\$19,315,000

Source: City of Long Beach, California, Comprehensive Annual Financial Report, Fiscal Year ended September 30, 2018.

The table 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, 2018)

Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
City of Long Beach, Tidelands Revenue Bonds Series 2017A (Aquarium of the Pacific Project) ⁽¹⁾	2027	\$ 10,190,000	\$ 10,190,000
City of Long Beach, Tidelands Revenue Bonds Series 2017B (Queen Mary Improvements)	2027	17,705,000	17,705,000
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
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	9,040,000
City of Long Beach, Marina Revenue Bonds, Series 2015 (Alamitos Marina Project)	2045	114,015,000	112,765,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2015A(AMT) and B (Non-AMT)	2025	64,975,000	53,245,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2015C (Non-AMT) and D (AMT)	2042	132,950,000	132,950,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2014 B (Non-AMT)	2027	20,570,000	11,700,000
LBBFA, Revenue Refunding Bonds, Series 2012 (Aquarium of the Pacific Project)	2030	102,580,000	77350000
City of Long Beach, Second Lien Water Revenue Bonds, Series 2012A	2027	9,850,000	6,660,000
City of Long Beach, Harbor Revenue Bonds, Series 2010A and B (Refunding)	2027	358,920,000	236,040,000
City of Long Beach, Water Revenue Refunding Bonds, Series 2010A	2024	22,740,000	15,435,000
City of Long Beach, Senior Airport Revenue Bonds, Series 2010A and B	2040	61,400,000	53,740,000
City of Long Beach, Senior Airport Revenue Bonds, Series 2009A and C	2039	54,685,000	51,110,000
LBBFA, Natural Gas Purchase Revenue Bonds, Series 2007A and B	2037	887,360,000	582,740,000
City of Long Beach, Harbor Revenue Bonds, Series 1998A	2019	206,330,000	16,600,000

(continued on next page)

Tax Allocation Revenue Bonds

Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Redevelopment Agency of the City of Long Beach, Recovery Zone Economic Development Bonds, Series 2010A and B, Taxable (North Long Beach) ⁽¹⁾	2040	\$ 32,980,000	\$ 24,795,000
LBBFA, Tax Allocation Revenue Bonds, Series 2005C (Downtown and North Long Beach Redevelopment Project Areas) ⁽²⁾	2031	35,045,000	24,295,000
LBBFA, Tax Allocation Revenue Bonds, Series 2002B	2024	47,780,000	34,670,000

Source: City of Long Beach, California, Comprehensive Annual Financial Report, Fiscal Year ended September 30, 2018.
 * The Harbor Department expects to pay these notes with the proceeds of a Transportation Infrastructure Finance and Innovation Act loan.

The following table sets forth a schedule of the City's direct and overlapping debt as of February 1, 2019.

TABLE 9
CITY OF LONG BEACH
Direct and Overlapping Debt
February 1, 2019 (In \$000's)

2018-19 Assessed Valuation: \$57,611,235,602

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/19</u>
Cerritos Community College District	0.357%	\$ 1,119,024
Coast Community College District	0.001	7,541
Compton Community College District	2.503	3,000,093
Long Beach Community College District	85.732	356,972,663
Los Angeles Community College District	0.048	1,886,587
ABC Unified School District	1.099	290,974
Compton Unified School District	0.022	9,497
Long Beach Unified School District	85.733	923,546,484
Los Angeles Unified School District	0.059	6,017,690
Paramount Unified School District	8.996	11,509,921
City of Long Beach Community Facilities Districts	100.	49,235,000
City of Long Beach 1915 Act Bonds	100.	745,000
Metropolitan Water District	1.976	1,116,242
Los Angeles County Regional and Open Space Assessment District	3.794	516,743
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,355,973,459
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	3.794%	\$ 82,090,185
Los Angeles County Superintendent of Schools Certificates of Participation	3.794	221,109
Compton Unified School District Certificates of Participation	0.022	3,797
Los Alamitos Joint Unified School District Certificates of Participation	0.009	3,592
Los Angeles Unified School District Certificates of Participation	0.059	106,522
Paramount Unified School District Certificates of Participation	8.996	2,535,972
City of Long Beach Lease Agreement	100.	18,480,000
City of Long Beach Lease Revenue Bonds	100.	93,845,000 (1)
City of Long Beach Pension Obligation Bonds	100.	19,315,000
County Sanitation District No. 1 Certificates of Participation	1.210	67,735
County Sanitation District No. 2 Certificates of Participation	0.191	16,509
County Sanitation District No. 3 Certificates of Participation	85.870	5,639,761
County Sanitation District No. 8 Certificates of Participation	2.628	89,852
County Sanitation District No. 19 Certificates of Participation	29.211	454,778
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$222,869,812
Less: Los Angeles Unified School District economically defeased obligations		4,366
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$222,865,446
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
	100. %	\$219,470,000
GROSS COMBINED TOTAL DEBT		\$1,798,313,271
	(2)	
NET COMBINED TOTAL DEBT		\$1,798,308,905

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.35%
Total Direct Debt (\$131,640,000).....	0.23%
Gross Combined Total Debt.....	3.12%
Net Combined Total Debt	3.12%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$15,232,817,003):

Total Overlapping Tax Increment Debt.....	1.44%
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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, a new Port of Long Beach administrative Headquarters, a new Main Library facility for the City, redevelopment of the City's Lincoln Park (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, 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 will construct, operate and maintain the Civic Center Project. As part of the financing plan for the Civic Center Project, the City contributed approximately \$50 million, funded from a combination of approximately \$12 million in available funds, \$8 million in bond proceeds, and \$30 million associated with the sale of City land.

Pursuant to the Project Agreement, upon substantial completion of the Civic Center Project (which is currently expected to occur early on June 30, 2019), the City is required to make an annual payment (the "Civic Center Annual Payment") currently projected to be approximately \$16.1 million in Fiscal Year 2019-20 (first full year of occupancy). Although the entire amount is legally payable from the General Fund, the cost will be shared by the various funds using the building as has been historically done in the past. The City's occupancy costs relating the Civic Center Project are approximately \$10.6 million higher than the costs for the existing City Hall. The General Fund portion of the Civic Center Annual Payment in Fiscal Year 2019-20 is projected to be \$10.9 million (67% of the total). Once private development occurs on the site, potentially after four to five years, the net cost and General Fund costs are expected to be offset in part by more than \$1 million annually due to anticipated increased tax revenue. 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 Project Agreement. The Civic Center Annual Payment is also subject to increase under specific circumstances set forth in the Project Agreement including cost increases due to the discovery of unforeseen site conditions, certain latent structural defects, earthquake damage, unusual losses and costs.

The term of the Civic Center Project Agreement is approximately 44 years, consisting of a projected four year construction period followed by a 40 year operation and maintenance period. The Civic Center Project Agreement contains performance guarantees on the part of the Civic Center Project Developer as well as event of defaults, termination provisions, and indemnification provisions. Under the Civic Center Project Agreement, in the event 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 debt of the Civic Center Project Developer (estimated to be in excess of **\$239 million**).

Assessed Valuation

The City uses the facilities of the County for tax assessment and collection. City taxes are assessed and collected at the same times and on the same tax rolls as County, school and special district taxes.

Under California law, two additional 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 California 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 the assessed valuation and tax collection record of the City for the most recent five-year period.

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>
2013-14	\$44,277,088,233	\$488,083,343	\$2,649,623,885	\$47,414,795,461
2014-15	46,244,051,867	841,682,926	2,624,364,407	49,710,099,200
2015-16	47,185,730,667	820,860,659	2,920,019,915	50,926,611,241
2016-17	48,606,862,800	751,107,900	2,867,420,362	52,225,391,062
2017-18	50,962,228,837	574,956,288	3,081,510,096	54,618,695,221
2018-19	53,930,049,125	557,712,689	3,123,473,788	57,611,235,602

Source: California Municipal Statistics, Inc.

See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS.”

Largest Taxpayers

[[UPDATE]] The following table shows the 10 largest owners of taxable property in the City as determined by secured assessed valuation in fiscal year 2015-16, representing 3.12% of the City’s total secured assessed valuation.

**TABLE 11
CITY OF LONG BEACH
Top 10 Taxpayers
Fiscal Year 2018-19**

Major Local Secured Taxpayers	Primary Land Use	2018-19 Assessed Valuation	% of Total ^(a)
Participants in Long Beach Unit	Industrial-Petroleum	\$ 766,612,130 ^(b)	1.42%
Hanjin America Inc.	Industrial-Terminal Operations	408,678,000 ^(c)	0.76
Tidelands Oil Production Co.	Industrial-Petroleum	372,584,029 ^(b)	0.69
International Trans Services	Industrial-Terminal Operations	344,048,621 ^(c)	0.64
OOCL LLC	Industrial-Terminal Operations	239,106,205 ^(c)	0.44
SSAT – Long Beach LLC	Industrial-Terminal Operations	207,970,332 ^(c)	0.39
1 The Boeing Company	Industrial	205,133,022	0.38
Massachusetts Mutual Life Insurance	Shopping Center	173,795,027 ^(c)	0.32
Pacific Maritime Services LLC	Industrial-Terminal Operations	166,380,000 ^(c)	0.31
Kilroy Realty LP	Office Building	161,518,444 ^(c)	0.30
2 2009 CUSA Community Owner LLC	Apartments	155,692,379	0.29
3 John Hancock Life Insurance	Office Building	145,983,672	0.27
4 AGNL Clinic LP	Office Building	145,700,540	0.27
5 Hyatt Long Beach	Hotel	124,079,441	0.23
6 Studio Management Services Inc.	Apartments with Retail	118,607,482	0.22
7 W GL Ocean Avenue LB Holdings	Office Building	110,126,340	0.20
8 Terra Funding Shoreline Square	Office Building	109,568,557	0.20
9 TABC Inc.	Industrial	101,940,394	0.19
10 HCI 333 East Ocean Owner LP	Hotel	98,485,976	0.18
Tesoro Logistics	Industrial-Petroleum	94,770,559 ^(c)	0.18
		\$4,250,781,150	2.43% 5.45%

Source: California Municipal Statistics, Inc.

(a) 2018-19 Local Secured Assessed Valuation: \$53,930,049,125

(b) Cross Reference Roll - Oil/Mineral Rights

(c) Cross Reference Roll - Possessory Interest

Tax Rates

Historically, properties in the County have been 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 Constitution of the State of California 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 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 when the property 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 is 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 per \$100 of assessed real property value within the City for the last five fiscal years.

Table 12
Property Tax Rate
All Overlapping Governments (Per \$100 of Assessed Value)

<i>Fiscal Year Ending 9/30</i>	<i>City Direct Rate</i>	<i>County Of Los Angeles</i>	<i>Long Beach Unified School Districts</i>	<i>Long Beach Community College Districts</i>	<i>Metropolitan Water District</i>	<i>Total</i>
2014	1.00000	0.00000	0.079806	0.022406	0.00350	1.105712
2015	1.00000	0.00000	0.087635	0.045945	0.00350	1.137080
2016	1.00000	0.00000	0.083244	0.038253	0.00350	1.124997
2017	1.00000	0.00000	0.085392	0.067358	0.00350	1.156250
2018	1.00000	0.00000	0.147323	0.067598	0.00350	1.218421

Source: CalMuni

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, Utility Users Taxes and Sales and Use Taxes constitute the major sources of 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)

	2014-15	2015-16	2016-17	2017-18
Property Tax	\$151,111	\$151,167	\$155,204	\$157,906
Utility Users Tax	38,419	37,079	35,858	36,639
Sales & Use Tax	61,613	65,148	58,331	69,308
Transient Occupancy Tax	17,159	18,316	18,317	20,856
Franchise Fees	25,915	24,911	25,912	20,308
Measure A	0	0	38,923	61,544
Other Tax	17,738	17,685	17,512	17,595
Total	\$311,9550	\$314,306	\$350,057	\$384,156

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 Upland and Tideland properties. The Upland 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 Tidelands purposes. There are no revenue transfers between Tidelands Operating funds and the City's General Fund. Operation of the Wilmington Oil Field is managed by two contractors, Tidelands Oil Production Company and Occidental Petroleum Corporation. The City administers all City oil operations, contracts, leases and agreements and directs all subsidence control operations through the Long Beach Gas & Oil Department.

The following table shows General Fund revenues from the Upland Oil Fund for the last five fiscal years.

Table 14
CITY OF LONG BEACH
General Fund (Upland Oil Fund)
Oil Sales and Royalties Revenue⁽¹⁾
(in thousands)

Fiscal Year Ended	Upland Oil Fund
<u>September 30</u>	
2014	\$36,943
2015	19,412
2016	10,899
2017	12,176
2018	16,058

(1) General Fund oil sales and royalty revenues are recorded in the Uplands Oil Fund that is then consolidated into General Fund.

Source: City of Long Beach, California Comprehensive Annual Financial Report Fiscal Years 2010-11 through 2017-18.

The City's oil revenues are impacted by both price and production efforts. Since Fiscal Year 2013-14, decreases in oil prices has led to a dramatic reduction in both Uplands revenue and in Tidelands revenue. Uplands revenue covers General Fund operations and one-time investments. Tidelands revenue covers both operations and capital investment in the Tidelands 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 2017-18, Proposition H revenues were approximately \$__ million.**

The Fiscal Year 2018-19 Budget assumes production will be at the annual average price of \$55 level. As a result, one-time capital investments using both Uplands Funds and Tidelands Funds are severely limited.

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, and the Director of Finance of the Harbor Department, and the Director of Finance of the Water Departments, or their designated representatives meets 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, meeting the daily cash flow demand of the City and conforming to all State and local statutes governing the investment of public funds and consistent with the aforementioned goals, managing 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 pool 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, where the interest rate on such obligation 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 quarter ending February 28, 2019, the City’s invested funds and cash totaled approximately \$1.80 billion. The investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. On February 28, 2019, 23.02% of the total City Portfolio was invested in Short Maturity investments (approximately 3 to 6 months to maturity), 48.53% in Intermediate Maturity investments (approximately 1 year to maturity) and 24.54% in Long Maturity investments (up to 5 years to maturity). The remaining 3.91% is cash held at various financial institutions.

Standard & Poor’s Ratings Services has rated the City’s investment portfolio “AA+f” and a volatility rating of “S1.” Any explanation of the significance of such a rating may be obtained from Standard & Poor’s Ratings Services.

STATE BUDGET

As described herein, the State is a significant source of 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 has experienced significant financial stress, experiencing budget shortfalls in the billions of dollars. There can be no assurances 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, including the current economic downturn, over which the City has no control. See also “RISK FACTORS—Dependence on State for Certain Revenues.”

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 one percent 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.

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.

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 the 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 State 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 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 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 ("K-14") 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.

The City's appropriations limit for Fiscal Year 2018-19 has been established at \$766,987,539. The impact of the appropriations limit on the City's financial needs in the future is unknown.

Proposition 62

Proposition 62 was adopted by the voters at the April 4, 1986, general election which (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 one-half of one percent 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.* ("*La Habra*"). 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 218

Proposition 218. On April 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D 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 XIII A of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A the California Constitution, and (iii) assessments, fees, and charges for property related services as provided in Article XIII D. 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 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.

Proposition 218 provides that, effective July 1, 1997, 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.”

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 changes that currently are deposited in the City’s General Fund.

Proposition 22

Proposition 22 (“Proposition 22”), which was approved by California voters in April 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. Due to the prohibition with respect to State’s ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See “– Proposition 1A” herein. In addition, Proposition 22 generally eliminates the State’s authority to temporarily

shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, 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. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

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. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The County does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2012-13.

Proposition 26

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, 30 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 County'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 fifty percent 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 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 2019 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2019 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 2019 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 2019 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Limited Obligation

The Series 2019 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 2019 Indenture and the revenues derived from the related Series 2019 Lease Payments by the City pursuant to the related Series 2019 Lease Agreement. The City has covenanted in each series 2019 Lease Agreement to take such actions as may be necessary to include all Series 2019 Lease Payments due thereunder in its annual budgets and to make the necessary annual appropriations therefor. Neither the Series 2019 Bonds nor the obligation of the City to make Series 2019 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 2019 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

The obligation of the City to make the Series 2019 Lease Payments under the Series 2019 Leases 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. Neither the Series 2019 Bonds nor the obligation of the City to make Series 2019 Lease Payments constitute a debt of the City, the State of California or any political subdivision thereof (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Series 2019 Lease Agreements to pay the Series 2019 Lease Payments from any source of legally available funds and the City has covenanted in each Series 2019 Lease Agreement that, for so long as the related Series 2019 Property is available for its use, it will make the necessary annual appropriations within its budget for the related Series 2019 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 Lease Payments, or which the City, in its discretion, may determine to pay prior to the Series 2019 Lease Payments.

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 2019 Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Series 2019 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 2019 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 City's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII B of the California Constitution."

Additional Obligations of the City

The City has a significant amount of obligations payable from its General Fund, including but not limited to debt obligations, pension obligations, lease obligations and other obligations related to post employment retirement benefits as well as certain other liabilities. The Series 2019 Lease Agreements do not prohibit the City from incurring additional lease and other obligations payable from the City's General Fund. In that regard, the City from time to time incurs various General Fund obligations to finance public improvements (see "CITY FINANCIAL INFORMATION—Bonded Indebtedness" AND "--- Civic Center Project Agreement"), which may also include lease obligations payable from its General Fund.

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Series 2019 Lease Agreements, the City covenants to take such action as may be necessary to include related Series 2019 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 2019 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, each of the Series 2019 Lease Agreements constitutes a valid and binding obligation of the City. As to the Authority's practical realization of remedies upon default by the City, see "RISK FACTORS—Limitations on Remedies."

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of either of the Series 2019 Properties caused by material damage, title defect, destruction to or condemnation of either of the Series 2019 Properties, the related Series 2019 Lease Payments will be subject to abatement. In the event that such component of such Series 2019 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 related Series 2019 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 2019 Property or prepayment of the related Series 2019 Bonds, there could be insufficient funds to make payments to Owners in full. Reduction in Series 2019 Lease Payments due to abatement as provided in the 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 either or both of the Series 2019 Properties is substantially higher or lower than its value at the time of the execution and delivery of the Series 2019 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2019 Bonds.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Series 2019 Lease Payments due over the term of the Series 2019 Lease Agreements and the Trustee is not empowered to sell a fee simple interest in the Series 2019 Property and use the proceeds of such sale to prepay the Series 2019 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.

Limitation on Remedies

The enforcement of any remedies provided in the Series 2019 Lease Agreements and the Series 2019 Indentures could prove both expensive and time consuming. Although the Series 2019 Lease Agreement each provide that if the City defaults the Trustee may reenter the related Series 2019 Property and re-let the related Series 2019 Property, portions of the related Series 2019 Property may not be easily recoverable, and each of the Series 2019 Properties is subject to certain agreements with respect to its operation. See "THE SERIES 2019 PROPERTIES." Additionally, the Trustee may have limited ability to re-let the Series 2019 Properties to provide a source of rental payments sufficient to pay the principal of and interest on the related Series 2019 Bonds so as to preserve the tax-exempt nature of interest on the related Series 2019 Bonds. The Trustee is not obligated to re-let the Series 2019 Properties in a manner so as to preserve the tax-exempt nature of interest on the related Series 2019 Bonds.

Alternatively, the Trustee may terminate either or both of the Series 2019 Lease Agreements and proceed against the City to recover damages pursuant to either or both of the Series 2019 Lease Agreements. 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 2019 Bonds are subject to certain limitations on legal remedies against cities, redevelopment agencies and other governmental entities 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 2019 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 2019 Lease Agreements and from taking any steps to collect amounts due from the City under the Series 2019 Lease Agreements.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of Series 2019 Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Series 2019 Lease Agreements, and from taking any steps to collect amounts due from the City under the Series 2019 Lease Agreements. See "Bankruptcy" below.

All legal opinions with respect to the enforcement of the Series 2019 Lease Agreements and the Series 2019 Indentures 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 covenants under each of the Series 2019 Lease Agreements to maintain certain insurance policies on the related Series 2019 Property. See "SECURITY FOR THE SERIES 2019 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, earthquake insurance. Either of both of the Series 2019 Properties could be damaged or destroyed due to earthquake or other casualty for which the Series 2019 Property is uninsured. Additionally, the either or both of the Series 2019 Properties could be the subject of an eminent domain proceeding. Under these circumstances an abatement of the related Series 2019 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 either or both of the Series 2019 Properties will be sufficient to redeem the related Series 2019 Bonds.

Eminent Domain

If either or both of the Series 2019 Properties 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 related Series 2019 Lease Agreement will cease as of the day possession is taken. If less than all of the Series 2019 Property is taken permanently, or if the Series 2019 Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the related Series 2019 Lease 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 2019 Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the related Series 2019 Lease Payments, in an amount to be agreed upon by the City and the Authority such that

the resulting related Series 2019 Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the related Series 2019 Property.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of either or both of the Series 2019 Properties. In general, the owners and lessees of the Series 2019 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 California 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.

Further it is possible that the beneficial use of either or both of the Series 2019 Properties may be limited in the future resulting from the current existence on either or both of the Series 2019 Properties 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 2019 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 2019 Property.

The City is unaware of the existence of hazardous substances on the Series 2019 Property site which would materially interfere with the beneficial use thereof.

Bankruptcy

The City is a unit of State government and therefore is 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 may seek voluntary protection from its creditors for purposes of adjusting its debts. A City or Authority bankruptcy petition could have a material adverse effect on the payment of the Series 2019 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 were to become a debtor under the Bankruptcy Code, the City 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 commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (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; and (iv) the possibility of the adoption of a plan for the adjustment of the City’s debt (a “Plan”) without the consent of the Trustee or all of the Owners of 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.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Series 2019 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 2019 Bonds.

Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects 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 Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against 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 priority of payment superior to that of the Owners of the Series 2019 Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Series 2019 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.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2019 Bonds with respect to the payment when due of the 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 Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales tax and motor-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.

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 2019 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 2019 Bonds or other tax-exempt obligations of the City will not adversely affect the market value of the Series 2019 Bonds. See "TAX MATTERS."

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2019 Bonds, the City has covenanted in the 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 2019 Bonds under section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2019 Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Series 2019 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 2019 Bonds are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption provisions of the Indenture.

Limited Secondary Market

As stated herein, investment in the Series 2019 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 2019 Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Series 2019 Bonds or, if a secondary market exists, that the Series 2019 Bonds can or could be sold for any particular price.

No Reserve Accounts

No debt service reserve accounts have been or will be established with respect to the Series 2019 Bonds.

City Pension Benefit Liability

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 amortization schedule for full funding of the City's obligation to CalPERS. The City expects its pension benefit liability to increase in future years as a result of the CalPERS Board approved new investment return methodology.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the City and consequently, having an adverse effect on the security for the Series 2019 Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Series 2019 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 2019 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2019 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2019 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 2019 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.

Bond Counsel expects to deliver an opinion at the time of delivery of the Series 2019 Bonds in substantially the form set forth in APPENDIX D—"FORMS OF BOND COUNSEL OPINIONS."

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.

Internal Revenue Code of 1986, as amended (the "Code") includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's 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 include certain tax exempt interest, including interest on the Series 2019 Bonds.

Ownership of the Series 2019 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 2019 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 2019 Bonds is the price at which a substantial amount of such maturity of the Series 2019 Bonds is first sold to the public. The Issue Price of a maturity of the Series 2019 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Series 2019 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2019 Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority and the City comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised 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 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 an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2019 Bonds.

An investor may purchase a 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 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 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 Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 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 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2019 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 Internal Revenue Service (the “Service”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, 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 Service will commence an audit of the Series 2019 Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders 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 2019 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Series 2019 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 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 Bond owner who is notified by the Service 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 on the Series 2019 Bonds is exempt from California personal income taxes.

Ownership of the Series 2019 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 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery by the Authority of the Series 2019 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 Underwriter by Nixon Peabody LLP, Los Angeles, California. Compensation of Bond Counsel and Disclosure Counsel is contingent upon the issuance and delivery of the Series 2019 Bonds.

FINANCIAL STATEMENTS

The City's financial statements for the fiscal year ended September 30, 2018, included in APPENDIX B—"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018," 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 2019 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 Indenture or the Lease Agreement, or any other document relating to the Series 2019 Bonds or the defeasance and prepayment of the Series 2019 Bonds to which the Authority or the City is or is to become a party or the performance by the Authority or the City of any of their obligations under any of the foregoing.

RATINGS

[[REVISE AS APPROPRIATE]] 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 2019 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. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by Fitch or S&P if, in the judgment of Fitch or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2019 Bonds.

UNDERWRITING

The Series 2019 Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") at a price of \$_____ (consisting of \$_____ aggregate principal amount of the Series 2019 Bonds, plus \$_____ of original issue premium, less \$_____ of Underwriter's discount).

The Underwriter intends to offer the Series 2019 Bonds to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

The Underwriter has provided the following two paragraphs for inclusion in the Official Statement:

The Underwriter and its 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 Underwriter and its 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 Underwriter and its 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 Underwriter and its 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.

The City intends to use a portion of the proceeds from the Series 2019 Bonds to redeem the Refunded Bonds. To the extent the Underwriter or an affiliate thereof is an owner of Refunded Bonds, the Underwriter or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Series 2019 Bonds contemplated herein in connection with such Refunded Bonds being redeemed by the City.

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 2019 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 2019 Bonds.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City has entered into the Continuing Disclosure Certificate pursuant to which it has agreed, for the benefit of owners of the Series 2019 Bonds, to provide certain financial information and operating data relating to the City and the balances of funds relating to the Series 2019 Bonds, by not later than nine months after the end of each of its fiscal years commencing with the report for the 2018-19 fiscal year (the “Annual Information”), and to provide notices of the occurrence of certain enumerated events. The Annual Information and notices of material events will be filed by the City, with the Municipal Securities Rulemaking Board (the “MSRB”), via its Electronic Municipal Market Access (“EMMA”) system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

[[The City has advised that during the past five years, the City and its related entities have never failed to comply in all material respects with previous continuing disclosure undertakings pursuant to the Rule.]]

ADDITIONAL INFORMATION

Summaries and explanations of the Series 2019 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 _____
Treasurer/Auditor

CITY OF LONG BEACH

By _____
City Treasurer

APPENDIX A

GENERAL, ECONOMIC, AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF LONG BEACH

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.

The City operates under the council-manager form of government with a nine-member City Council (the "City Council"). City Council members are nominated and elected by district to serve four-year terms, with a maximum of two such terms. 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 Water 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.

Within the framework of the City's General Plan, orderly growth and development of the City is controlled by a three-step planning and budgetary process utilizing the following instruments: the annual budget, the six-year Capital Improvement Program and the five-year Long Range Financial Plan.

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

Year	City of Long Beach	County of Los Angeles	State of California
2014	475,541	10,088,458	38,568,628
2015	476,892	10,149,661	38,912,464
2016	477,015	10,180,169	39,179,627
2017	477,628	10,231,271	39,500,973
2018	478,561	10,283,729	39,809,693

Source: California Department of Finance E-4 Population Estimates for Cities, Counties and State, 2011-2018 with 2010 Benchmark

Personal Income

The following table sets forth the yearly total effective buying income and the median household effective buying income for the City, the County and the State for the prior five years:

TABLE A2
CITY OF LONG BEACH, COUNTY OF LOS ANGELES
AND STATE OF CALIFORNIA
Effective Buying Income

Year	Long Beach	Los Angeles County	California	United States
2017	\$ 58,314	\$ 61,015	\$ 67,169	\$ 57,652
2016	55,151	57,952	63,783	55,322
2015	52,783	56,196	61,818	53,889
2014	52,944	55,870	61,489	53,482
2013	52,711	55,909	61,094	53,046
2012	52,900	56,241	61,400	53,046
2011	52,945	56,266	61,632	52,762
2010	51,173	55,476	60,883	51,914
2009	50,040	54,828	60,392	51,425

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

	2014	2015	2016	2017	2018
Total, All Industries	4,189,800	4,282,300	4,390,800	4,441,400	4,503,200
Total Farm	5,200	5,000	5,300	5,800	5,900
Mining and Logging	3,100	2,900	2,500	2,200	2,200
Construction	118,500	126,200	133,900	137,700	142,100
Manufacturing	371,100	367,800	360,300	350,100	350,400
Wholesale Trade	222,500	225,600	225,200	224,500	223,100
Retail Trade	413,100	419,300	421,500	422,500	420,500
Transportation, Warehousing & Utilities	163,400	171,500	182,300	191,800	194,600
Information	198,800	207,500	229,200	214,500	216,300
Financial Activities	211,200	215,500	219,800	221,100	222,700
Professional & Business Services	591,700	593,800	603,200	613,400	629,100
Educational & Health Services	720,700	741,100	767,600	794,300	811,000
Leisure & Hospitality	464,100	486,600	510,000	523,900	547,700
Other Services	150,500	151,000	153,300	154,100	153,700
Government	556,200	568,500	576,700	585,500	583,800

Source: California Employment Development Department, Labor Market Information Division, Employment By Industry Data, March 2017 Benchmark as of January 18, 2019.

Note: Data may not add due to rounding.

The following table summarizes the civilian labor force, employment and unemployment average statistics for the City, the State and the United States for the past five years.

TABLE A4
CITY OF LONG BEACH, STATE OF CALIFORNIA AND UNITED STATES
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2013	Los Angeles County	4,982,300	4,495,700	486,600	9.8%
	California	18,671,600	17,002,900	1,668,700	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4
2014	Los Angeles County	5,025,900	4,610,800	415,100	8.3%
	California	18,811,400	17,397,100	1,414,300	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015	Los Angeles County	5,011,700	4,674,800	336,900	6.7%
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	Los Angeles County	5,054,900	4,789,500	265,400	5.3%
	California	19,093,700	18,048,800	1,044,800	5.5
	United States	159,196,000	151,436,000	7,751,000	4.8
2017	Los Angeles County	5,123,900	4,883,600	240,300	4.7%
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,313,000	153,337,000	6,982,000	4.3

Sources: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Averages 2010-2014, Monthly Averages 2000-present, and US Bureau of Labor Statistics.

⁽¹⁾ Data not seasonally adjusted.

Major Employers

The following table sets forth the City's major employers:

**TABLE A5
CITY OF LONG BEACH
Major Employers
As of September 30, 2018**

	Employer	Number of Employees	Percent of City Employment
1.	Long Beach Unified School District	12,508	31.7%
2.	City of Long Beach	5,286	13.4
3.	Long Beach Memorial Medical Center	5,212	13.2
4.	The Boeing Company	3,707	9.4
5.	CSU Long Beach	2,961	7.5
6.	Veteran Affairs Medical Center	2,665	6.8
7.	Long Beach City College	2,637	6.7
8.	CSULB Research Foundation	1,523	3.8
9.	Molina Healthcare Inc.	1,488	3.7
10.	St. Mary Medical Center	1,458	3.9

Source: City of Long Beach 2018 CAFR.

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)**

	2012	2013	2014	2015	2016
Motor Vehicle and Parts Dealers	\$302,999	\$312,787	\$328,003	%326,244	\$359,262
Home Furnishings and Appliance Stores	93,948	101,016	113,753	113,252	126,075
Building Material and Garden Equipment and Supplies Dealers	*	*	*	865,569	889,076
Food and Beverage Stores	261,166	269,403	288,413	317,181	311,650
Gasoline Stations	685,811	672,178	655,117	530,991	478,571
Clothing and Clothing Accessories Stores	167,467	171,291	166,475	192,433	216,693
General Merchandise Stores	290,928	295,054	289,547	311,329	288,730
Food Services and Drinking Places	734,735	766,130	817,435	876,665	914,597
Other Retail Group	1,494,012	1,137,391	1,167,075	318,766	314,158
Total Retail and Food Services	4,031,065	3,725,250	3,825,817	3,852,435	3,898,816
All Other Outlets	1,203,067	1,250,117	1,316,961	1,147,436	1,146,089
Total All Outlets	5,234,132	4,975,367	5,142,777	4,999,872	5,044,905

* Sales omitted because their publication would result in the disclosure of confidential information.
Source: California State Board of Equalization

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)

	2011	2012	2013	2014	2015
<u>Permit Valuation:</u>					
New Single-family	\$13,800	\$6,084	\$22,471	\$5,885	\$4,515
New Multi-family	25,092	316	21,364	40,683	33,456
Res. Alterations/Additions	64,248	58,763	63,840	63,339	74,895
Total Residential	103,141	65,165	107,676	109,908	112,867
Total Nonresidential	88,211	209,027	270,409	145,340	187,818
Total All Building	<u>\$191,352</u>	<u>\$274,192</u>	<u>\$378,086</u>	<u>\$255,249</u>	<u>\$300,686</u>
<u>New Dwelling Units:</u>					
Single Family	66	23	148	25	19
Multiple Family	232	2	146	298	235
Total	<u>298</u>	<u>25</u>	<u>294</u>	<u>323</u>	<u>254</u>

Source: City of Long Beach – Development Services Department (formerly Planning & Building Department).

Note: Totals may not add due to independent rounding.

Long Beach Convention Center 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. Over the past several years, the Convention Center has received monies to renovate and reposition the facility into a new campus designed to model the TED conference. The new Pacific Ballroom at the Long Beach Arena provides 45,000 square feet of customized event space.

TABLE A8
CITY OF LONG BEACH
Convention and Delegate Attendance

Calendar Year	Number of Conventions	Number of Delegates
2014	304	1,320,337
2015	290	1,598,955
2016	308	1,343,372
2017	293	1,360,923
2018	297	1,410,056

Source: Long Beach Convention Center.

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX D
PROPOSED FORMS OF BOND COUNSEL OPINIONS

APPENDIX E
FORMS OF CONTINUING DISCLOSURE CERTIFICATES

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2019 Bonds, payment of principal, redemption premium, if any, and interest with respect to the Series 2019 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 2019 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 Underwriter 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 2019 Bonds. The Series 2019 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 2019 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 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 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 2019 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 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 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 2019 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 2019 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 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 Trust Agreement 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 2019 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 2019 Bonds or an error or delay relating thereto.

**FINANCE AUTHORITY OF LONG BEACH
Lease Revenue Bonds, Series 2019A
(Public Safety Parking Garage Financing Project)**

**FINANCE AUTHORITY OF LONG BEACH
Lease Revenue Refunding Bonds, Series 2019B
(Open Space Refinancing Project)**

DISTRIBUTION LIST

AUTHORITY/CITY

Mr. David Nakamoto
City Treasurer
Mr. Fidel Aguayo
Assistant City Treasurer
Ms. Cathy Pingol
Senior Accountant
Ms. Grace Yoon
Interim Assistant Finance Director
Ms. Julissa Jose-Murray
Budget Analysis Office
Ms. Nicole Lopez
Secretary
Mr. Stephen Hannah
Controller
Ms. Vivian Li
Accountant III
City of Long Beach
Department of Financial Management
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
(562) 570-6843 (Nakamoto)
(562) 570-5023 (Aguayo)
(562) 570-6174 (Pingol)
(562) 570-6408 (Yoon)
(562) 570-6869 (Jose-Murray)
(562) 570-6277 (Lopez)
(562) 570-6450 (Hannah)
(562) 570-6871 (Li)
(562) 570-5836 (Fax-Nakamoto, Aguayo)
david.nakamoto@longbeach.gov
fidel.aguayo@longbeach.gov
cathy.pingol@longbeach.gov
grace.yoon@longbeach.gov
julissa.jose-murray@longbeach.gov
nicole.lopez@longbeach.gov
stephen.hannah@longbeach.gov
vivian.li@longbeach.gov

COUNSEL TO AUTHORITY/CITY

Richard Anthony, Esq.
Barbara Gallagher, Esq.
City of Long Beach
Office of the Long Beach City Attorney
333 West Ocean Boulevard 11th Floor
Long Beach, CA 90802
(562) 570-2211 (Anthony)
(562) 570-2269 (Gallagher)
(562) 436-1579 (Fax)
richard.anthony@longbeach.gov
barbara.gallagher@longbeach.gov

MUNICIPAL ADVISOR

Mr. Mark Young
Managing Director
KNN Public Finance
5901 West Century Boulevard, Suite 750
Los Angeles, CA 90045
(310) 348-2901
(510) 208-8282 (Fax)
myoung@knninc.com

Mr. Larry Lom
Associate
KNN Public Finance
1300 Clay Street, Suite 1000
Oakland, CA 94612
(510) 208-8208
(510) 208-8282 (Fax)
llom@knninc.com

UNDERWRITER

Mr. Frank Lauterbur
Managing Director
Mr. Jeffrey D. Bower
Managing Director
Mr. Craig Dussinger
Director
Mr. Jack Tsang
Vice President
Mr. Timur Celikel
Analyst
Ms. Katy Liu
Analyst
Bank of America Merrill Lynch
333 South Hope Street, Suite 2310
Los Angeles, CA 90071
(213) 345-9575 (Lauterbur)
(213) 345-9580 (Bower)
(213) 345-9579 (Dussinger)
(213) 345-9578 (Tsang)
(213) 345-4487 (Celikel)
(213) 345-9583 (Liu)
(213) 785-6525 (Fax-Lauterbur)
(213) 785-6526 (Fax-Bower)
(213) 785-6529 (Fax-Dussinger)
(213) 457-8666 (Fax-Celikel)
(213) 785-6530 (Fax-Liu)
frank.lauterbur@baml.com
jeffrey.bower@baml.com
craig.dussinger@baml.com
jack.tsang@baml.com
timur.celikel@baml.com
katy.liu@baml.com

UNDERWRITER'S COUNSEL

Rudy S. Salo, Esq.
Jade E. Turner-Bond, Esq.
Nixon Peabody LLP
300 South Grand Avenue, Suite 4100
Los Angeles, CA 90071
(213) 629-6069 (Salo)
(213) 629-6141 (Turner-Bond)
(866) 817-1940 (Fax)
rsalo@nixonpeabody.com
jturnerbond@nixonpeabody.com

TRUSTEE/ESCROW BANK

Ms. Ilse Vlach
Assistant Vice President
U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
(213) 615-6051
(213) 615-6199 (Fax)
ilse.vlach@usbank.com

TRUSTEE'S COUNSEL

Dennis Wong, Esq.
Dorsey & Whitney
600 Anton Boulevard, Suite 2000
Costa Mesa, CA 92626-7655
(714) 800-1457
(714) 800-1499 (Fax)
wong.dennis@dorseyllaw.com

RATING AGENCIES

Mr. Chris Grant
S&P Global Ratings
One California Street, 31st Floor
San Francisco, CA 94111
(415) 371-96
(415) 371-5090 (Fax)
chris.grant@standardandpoors.com
Mr. Michael Parker
S&P Global Ratings
7400 South Alton Court
Centennial, CO 80112
(303) 721-4701
michael.parker@spglobal.com

Mr. Graham Schnaars
Mr. Alan Gibson
Fitch Ratings
One Post Street, Suite 900
San Francisco, CA 94104
(415) 732-7578 (Schnaars)
(415) 732-7577 (Gibson)
graham.schnaars@fitchratings.com
alan.gibson@fitchratings.com

DISCLOSURE COUNSEL

Kevin Civale, Esq.
Stradling Yocca Carlson & Rauth
500 Capital Mall, Suite 1120
Sacramento, CA 95814
(949) 449-2360
(949) 914-2381 (Fax)
kcivale@syocr.com

Cyrus L. Torabi, Esq.
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach CA 92660-6401
(949) 725-4265
(949) 823-5265 (Fax)
ctorabi@syocr.com

TITLE INSURER

Richard M. Blumenthal, Esq.
Senior Underwriting Counsel
NTS Manager
Ms. Leah Deffenbaugh
Stewart Title Guaranty
100 Pine Street, Suite 450
San Francisco, CA 94111
(415) 394-9270 (Blumenthal)
(415) 403-9080 Ext 14 (Deffenbaugh)
(415) 986-5973 (Fax)
rblument@stewart.com
leah.deffenbaugh@stewart.com

BOND COUNSEL

Brian D. Quint, Esq.
Ms. Katherine L. Reed
Senior Project Manager
Ms. C. Blythe Fleet
Assistant to Mr. Quint
Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
(415) 925-4200
(415) 925-4201 (Fax)
bquint@qtlp.com
kreed@qtlp.com
bfleet@qtlp.com

CONTINUING DISCLOSURE CERTIFICATE

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 \$_____ Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project) (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2019 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Pursuant to Section 5.11 of that certain Lease Agreement, dated as of May 1, 2019, 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 2, 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 designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"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 executed by the City in connection with the issuance of the Bonds.

"Participating Underwriter" means Merrill Lynch, Pierce Fenner & Smith Incorporated, as the original underwriter of the Bonds.

"Rule" means Rule 15c2-12(b)(5) 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 S.E.C. Rule 15c-12(b)(5).

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, 2019, with the report for fiscal year 2017-18 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) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final 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, substantially similar to that provided in Tables _____ in the Official Statement in the section therein entitled "CITY FINANCIAL INFORMATION."

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(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 the MSRB's Internet web site 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. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(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 final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(c).

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(c).

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 holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

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Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: May 5, 2019

CITY OF LONG BEACH, CALIFORNIA,
Dissemination Agent

By: _____
David S. Nakamoto,
City Treasurer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Long Beach, California

Name of Issue: \$_____ Finance Authority of Long Beach Lease Revenue Bonds,
Series 2019A (Public Safety Parking Garage Financing Project)

Date of Issuance: May 5, 2019

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 5, 2019, 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, CALIFORNIA,
Dissemination Agent

By: _____
Authorized Officer

CONTINUING DISCLOSURE CERTIFICATE

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 \$_____ Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project) (the “Series B Bonds”). The Series B Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). Pursuant to Section 5.11 of that certain Lease Agreement, dated as of May 1, 2019, 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 2, 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 designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*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 executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Merrill Lynch, Pierce Fenner & Smith Incorporated, as the original underwriter of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) 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 S.E.C. Rule 15c-12(b)(5).

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, 2019, with the report for fiscal year 2017-18 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) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final 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, substantially similar to that provided in Tables _____ in the Official Statement in the section therein entitled "CITY FINANCIAL INFORMATION."

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(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 the MSRB's Internet web site 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. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(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 final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(c).

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(c).

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 holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

[The remainder of this page is intentionally left blank]

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: May 8, 2019

CITY OF LONG BEACH, CALIFORNIA,
Dissemination Agent

By: _____
David S. Nakamoto,
City Treasurer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Long Beach, California

Name of Issue: \$_____ Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project)

Date of Issuance: May 8, 2019

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 8, 2019, 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, CALIFORNIA,
Dissemination Agent

By: _____
Authorized Officer

FORM OF FINAL OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

May 5, 2019

Finance Authority of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

OPINION: \$_____ Finance Authority of Long Beach Lease Revenue Bonds, Series
2019A (Public Safety Parking Garage Financing Project)

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 2019A (Public Safety Parking Garage Financing Project)" (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, 2019 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee, and a resolution of the Authority adopted on February 25, 2019. 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, 2019 (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 agency 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 Series A 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. Failure to comply with certain of such covenants could cause interest on the Series A Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Bonds.

7. Interest on the Series A Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Series A 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 Series A Bonds.

The rights of the owners of the Series A Bonds and the enforceability of the Series A 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,

FORM OF FINAL OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

May 8, 2019

Finance Authority of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

OPINION: \$_____ Finance Authority of Long Beach Lease Revenue Refunding Bonds,
Series 2019B (Open Space Refinancing Project)

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 Refunding Bonds, Series 2019B (Open Space Refinancing Project)" (the "Series B 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, 2019 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee, and a resolution of the Authority adopted on February 25. The Series B Bonds are secured by a pledge of Revenues (as defined in the Indenture), primarily consisting of certain lease payments made by the City of Long Beach, California (the "City") under a lease agreement, dated as of May 1, 2019 (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 Series B 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 agency 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 Series B Bonds.

2. The Series B 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 Series B 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 Series B 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. Failure to comply with certain of such covenants could cause interest on the Series B Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series B Bonds.

7. Interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Series B 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 Series B Bonds.

The rights of the owners of the Series B Bonds and the enforceability of the Series B 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,

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 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

MEMORANDUM OF ASSIGNMENT OF LEASE

THIS MEMORANDUM OF ASSIGNMENT OF LEASE (this "Memorandum"), made and entered into as of May 1, 2019, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee").

In the joint and mutual exercise of their powers, in consideration of the mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Recitals.

(a) The Authority and the City of Long Beach, California (the "City") have entered into that certain Lease Agreement, dated as of May 1, 2019 (the "Lease Agreement"), evidenced by a memorandum recorded concurrently herewith, under which the Authority has leased to the City 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 the Energy Resources Administration Building, located at 2400 East Spring Street located on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, together with the Site, the "Property").

(b) Under the Lease Agreement, the Authority has agreed to lease the Property to the City in the manner and on the terms set forth therein, which terms include, without limitation, the obligation of the City to pay Lease Payments (as defined in the Lease Agreement) to the Authority, as the rental for the lease of the Property.

(c) Under the Lease Agreement and under an Indenture of Trust, dated as of May 1, 2019, by and between the Authority and the Trustee (the "Indenture"), the Authority is required to cause to be deposited certain sums of money to be credited, held and applied in accordance therewith.

(d) For the purpose of obtaining such moneys, the Authority has assigned and transferred to the Trustee, under the Indenture, certain of its rights under the Lease Agreement for the purpose of securing the bonds of the Authority designated the "Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project)," issued under the Indenture in the aggregate principal amount of \$_____ (the "Series A Bonds").

(e) The Authority has requested the Trustee to enter into this Memorandum for the purpose of memorializing such assignment of record.

Section 2. Assignment. The Authority has transferred, assigned and set over to the Trustee, pursuant to the terms of the Indenture, and does hereby assign to the Trustee for the benefit of the Owners of Series A Bonds, (a) all of the rights (but none of the obligations) of the Authority in the Lease Agreement (other than the rights of the Authority under Sections 4.7, 7.3, 7.4, 7.5, 7.6, 9.5 and 10.9 thereof and other than its rights to receive notices and to give approvals and consents thereunder), including but not limited to the right to receive and collect all of the Lease Payments (including prepayments thereof) from the City under the Lease Agreement, and the right to exercise such rights (but none of the obligations) and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient to enforce payment of the Lease Payments and prepayments thereof, and (b) all of the rights of the Authority in the Site Lease (other than the rights of the Authority under Section 12 thereof and other than its rights to give approvals and consents thereunder). All rights assigned by the Authority shall be administered by the Trustee in accordance with the provisions of the Indenture and for the benefit of the owners of the Series A Bonds.

Section 3. Acceptance. The Trustee hereby accepts the assignments made herein for the purpose of providing for the payments due pursuant to the Indenture to, and the rights under the Lease Agreement and Indenture of, the owners of the Series A Bonds delivered pursuant to the Indenture, all subject to the provisions of the Indenture.

Section 4. Conditions. This Memorandum shall confer no obligations or impose no duties upon the Trustee beyond those expressly provided for in the Indenture.

Section 5. Counterpart Signatures. This Memorandum may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Memorandum by their authorized representatives thereunto duly authorized as of the day and year first written above.

FINANCE AUTHORITY OF LONG BEACH

By _____
David S. Nakamoto,
Treasurer / Auditor

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Ilse Vlach
Vice President

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF FARM LOT 45 OF THE AMERICAN COLONY TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 89 AND 90 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHWESTERLY AND SOUTHERLY AND EASTERLY OF A LINE DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED SEPTEMBER 23, 1960 AS INSTRUMENT NO. 1723, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID FARM LOT 45; THENCE

(1) ALONG THE SOUTHERLY LINE OF SAID LOT SOUTH 89 DEGREES 50' 16" WEST, 40.00 FEET TO A POINT HEREIN DESCRIBED POINT "G"; THENCE

(2) CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89 DEGREES 50' 16" WEST, 107.95 FEET; THENCE

(3) NORTH 59 DEGREES 21' 12" WEST, 234.05 FEET; THENCE

(4) NORTH 3 DEGREES 48' 51" WEST, 75.16 FEET; THENCE

(5) NORTH 51 DEGREES 20' 25" WEST, 32.02 FEET; THENCE

(6) NORTH 90 DEGREES 00' 00" WEST, 120.00 FEET; THENCE

(7) NORTH 54 DEGREES 51' 57" WEST, 165.08 FEET; THENCE

(8) NORTH 51 DEGREES 57' 10" WEST, 146.03 FEET; THENCE

(9) NORTH 59 DEGREES 26' 56" WEST, 408.94 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH THE SOUTHERLY 50.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF SPRING STREET, 60 FEET WIDE, AS SHOWN ON SAID MAP OF AMERICAN COLONY TRACT, SAID LAST MENTIONED POINT HEREIN DESIGNATED POINT "H"; THENCE

(10) ALONG SAID PARALLEL LINE SOUTH 89 DEGREES 50' 45" WEST, 157.06 FEET TO A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET; THENCE

(11) ALONG SAID LAST MENTIONED CURVE SOUTHWESTERLY, THROUGH AN ANGLE OF 90 DEGREES 06' 04", AN ARC DISTANCE OF 47.18 FEET TO A TANGENT LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY, 32.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF JUNIPERO AVENUE, 60 FEET WIDE, (FORMERLY KNOWN AS VINE AVENUE); THENCE

(12) ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH 0 DEGREE 15' 19" EAST, 219.89 FEET; THENCE

(13) SOUTH 89 DEGREES 44' 41" WEST, 32.00 FEET TO SAID CENTER LINE OF JUNIPERO AVENUE

EXHIBIT B

DESCRIPTION OF THE FACILITY

Energy Resources Administration Building. The Energy Resources Administration Building, located at 2400 East Spring Street, was built in 1970. It is the headquarters for the City's Gas & Oil Department (formerly Long Beach Energy). The main office building is 22,244 square feet and provides office space to primarily the City's Gas functions for the following services Business Operations (accounting, payroll and oversight of gas warehouse), Gas Supply (gas purchases), Engineering, Gas Construction, Gas Customer Service (turning gas pilots on/off, installation of new gas meters, and gas pipeline maintenance), and Safety Division (occupational safety). The building also houses an auditorium used by various departments for training purposes and other functions. The Gas section's warehouse is located on the same parcel near this building. The Executive Director's Office, which manages the City's gas and oil operations are located in this building; however, most of the Oil operations are housed at other locations.

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 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

MEMORANDUM OF ASSIGNMENT OF LEASE

THIS MEMORANDUM OF ASSIGNMENT OF LEASE (this "Memorandum"), made and entered into as of May 1, 2019, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee").

In the joint and mutual exercise of their powers, in consideration of the mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Recitals.

(a) The Authority and the City of Long Beach, California (the "City") have entered into that certain Lease Agreement, dated as of May 1, 2019 (the "Lease Agreement"), evidenced by a memorandum recorded concurrently herewith, under which the Authority has leased to the City 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"), certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, together with the Site, the "Property").

(b) Under the Lease Agreement, the Authority has agreed to lease the Property to the City in the manner and on the terms set forth therein, which terms include, without limitation, the obligation of the City to pay Lease Payments (as defined in the Lease Agreement) to the Authority, as the rental for the lease of the Property.

(c) Under the Lease Agreement and under an Indenture of Trust, dated as of May 1, 2019, by and between the Authority and the Trustee (the "Indenture"), the Authority is required to cause to be deposited certain sums of money to be credited, held and applied in accordance therewith.

(d) For the purpose of obtaining such moneys, the Authority has assigned and transferred to the Trustee, under the Indenture, certain of its rights under the Lease Agreement for the purpose of securing the bonds of the Authority designated the "Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project)," issued under the Indenture in the aggregate principal amount of \$_____ (the "Series B Bonds").

(e) The Authority has requested the Trustee to enter into this Memorandum for the purpose of memorializing such assignment of record.

Section 2. Assignment. The Authority has transferred, assigned and set over to the Trustee, pursuant to the terms of the Indenture, and does hereby assign to the Trustee for the benefit of the Owners of Series B Bonds, (a) all of the rights (but none of the obligations) of the Authority in the Lease Agreement (other than the rights of the Authority under Sections 4.7, 7.3, 7.4, 7.5, 7.6, 9.5 and 10.9 thereof and other than its rights to receive notices and to give approvals and consents thereunder), including but not limited to the right to receive and collect all of the Lease Payments (including prepayments thereof) from the City under the Lease Agreement, and the right to exercise such rights (but none of the obligations) and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient to enforce payment of the Lease Payments and prepayments thereof, and (b) all of the rights of the Authority in the Site and Facility Lease (other than the rights of the Authority under Section 12 thereof and other than its rights to give approvals and consents thereunder). All rights assigned by the Authority shall be administered by the Trustee in accordance with the provisions of the Indenture and for the benefit of the owners of the Series B Bonds.

Section 3. Acceptance. The Trustee hereby accepts the assignments made herein for the purpose of providing for the payments due pursuant to the Indenture to, and the rights under the Lease Agreement and Indenture of, the owners of the Series B Bonds delivered pursuant to the Indenture, all subject to the provisions of the Indenture.

Section 4. Conditions. This Memorandum shall confer no obligations or impose no duties upon the Trustee beyond those expressly provided for in the Indenture.

Section 5. Counterpart Signatures. This Memorandum may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Memorandum by their authorized representatives thereunto duly authorized as of the day and year first written above.

FINANCE AUTHORITY OF LONG BEACH

By _____
David S. Nakamoto,
Treasurer/Auditor

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Ilse Vlach
Vice President

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF PARCEL 1, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 19075, FILED IN BOOK 208 PAGES 90 AND 91 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 0 DEGREE 11 MINUTES 45 SECONDS EAST 355.56 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 141.56 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 20.00 FEET; THENCE SOUTH 0 DEGREE 12 MINUTES 27 SECONDS WEST 129.07 FEET TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 19075; THENCE ALONG SAID PROLONGATION TO AND ALONG SAID NORTHERLY LINE, SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 395.57 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE ALONG THE MOST EASTERLY LINE OF SAID PARCEL 1 NORTH 0 DEGREE 10 MINUTES 55 SECONDS EAST 341.59 FEET TO A POINT SAID POINT BEING DISTANCE THEREON SOUTH 0 DEGREE 10 MINUTES 55 SECONDS WEST 63.00 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE NORTH 89 DEGREES 49 MINUTES 05 SECONDS WEST 415.47 FEET TO A LINE THAT IS PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1 AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 0 DEGREE 11 MINUTES 45 SECONDS WEST 212.51 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN LOT 1 OF TRACT NO. 16183, ALL OIL, GAS, HYDROCARBON SUBSTANCES, AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID PROPERTY, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID PROPERTY LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR ANY PRODUCTION OF OIL, GAS HYDROCARBON SUBSTANCES, OR MINERALS FROM SAID PROPERTY OR OTHER LANDS, BUT WITHOUT HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSES WHATSOEVER, TO THE EXTENT RESERVED BY THE PARTIES NAMED IN DEEDS, LEASES AND OTHER DOCUMENTS OF RECORD; PROVIDED FURTHER, HOWEVER, THAT ANY SUCH DRILLING AND USE SHALL NOT ADVERSELY AFFECT THE STRUCTURAL SUPPORT OF THE IMPROVEMENTS CONSTRUCTED THEREON AS RESERVED IN THE DEED RECORDED SEPTEMBER 13, 1982 AS INSTRUMENT NO. 82-924162, OFFICIAL RECORDS.

SAID LAND IS SHOWN AS PARCEL 1 ON WAIVED PARCEL MAP NO. 9102-22 AS SAID MAP IS ATTACHED TO THAT CERTAIN GRANT OF CERTIFICATE OF COMPLIANCE RECORDED JULY 19, 1991 AS INSTRUMENT NO. 91-1114901.

EXHIBIT B

DESCRIPTION OF THE FACILITY

Health Administration Building. The Health Administration Building, located at 2525 Grand Avenue, was remodeled and occupied by the City's Health Department in 1993. The building is 57,350 square feet. The building provides office space for approximately 250 City employees providing various health services. These services include Occupational Health, Support Services, Environmental Health (Vector Control, Hazardous Material, Food Inspections), Human & Social Services (Rehabilitation Services, Homeless Services), Preventive Health (STD Clinical Services, Epidemiology, Vital Statistics), Public Health (Tobacco Education/Health Program, Laboratory Services), Nursing Services, Maternal & Adolescent Health Program, Nutrition Services, WIC Program, and Travel Immunizations.

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, 2019

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 2019A
(Public Safety Garage Financing Project)

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE, dated as of May 1, 2019, 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 agency 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, 2019, 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, 2019, by and between the Authority and U.S. Bank National Association, as trustee.

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, 2039, unless such term is extended or sooner terminated as hereinafter provided. If, on August 1, 2039, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment. If, prior to August 1, 2039, 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 Series A 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 Series A Bonds including the unpaid principal and interest with respect to any such Series A 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 Series A Bonds shall be used solely for the purpose of financing the construction of the new Public Safety Parking Garage and paying the costs of issuance of the Series A Bonds, 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, 333 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, 333 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: _____
David S. Nakamoto,
City Treasurer

FINANCE AUTHORITY OF LONG BEACH

By: _____
David S. Nakamoto,
Treasurer/Auditor

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF FARM LOT 45 OF THE AMERICAN COLONY TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 89 AND 90 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHWESTERLY AND SOUTHERLY AND EASTERLY OF A LINE DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED SEPTEMBER 23, 1960 AS INSTRUMENT NO. 1723, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID FARM LOT 45; THENCE

(1) ALONG THE SOUTHERLY LINE OF SAID LOT SOUTH 89 DEGREES 50' 16" WEST, 40.00 FEET TO A POINT HEREIN DESCRIBED POINT "G"; THENCE

(2) CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89 DEGREES 50' 16" WEST, 107.95 FEET; THENCE

(3) NORTH 59 DEGREES 21' 12" WEST, 234.05 FEET; THENCE

(4) NORTH 3 DEGREES 48' 51" WEST, 75.16 FEET; THENCE

(5) NORTH 51 DEGREES 20' 25" WEST, 32.02 FEET; THENCE

(6) NORTH 90 DEGREES 00' 00" WEST, 120.00 FEET; THENCE

(7) NORTH 54 DEGREES 51' 57" WEST, 165.08 FEET; THENCE

(8) NORTH 51 DEGREES 57' 10" WEST, 146.03 FEET; THENCE

(9) NORTH 59 DEGREES 26' 56" WEST, 408.94 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH THE SOUTHERLY 50.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF SPRING STREET, 60 FEET WIDE, AS SHOWN ON SAID MAP OF AMERICAN COLONY TRACT, SAID LAST MENTIONED POINT HEREIN DESIGNATED POINT "H"; THENCE

(10) ALONG SAID PARALLEL LINE SOUTH 89 DEGREES 50' 45" WEST, 157.06 FEET TO A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET; THENCE

(11) ALONG SAID LAST MENTIONED CURVE SOUTHWESTERLY, THROUGH AN ANGLE OF 90 DEGREES 06' 04", AN ARC DISTANCE OF 47.18 FEET TO A TANGENT LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY, 32.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF JUNIPERO AVENUE, 60 FEET WIDE, (FORMERLY KNOWN AS VINE AVENUE); THENCE

(12) ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH 0 DEGREE 15' 19" EAST, 219.89 FEET; THENCE

(13) SOUTH 89 DEGREES 44' 41" WEST, 32.00 FEET TO SAID CENTER LINE OF JUNIPERO AVENUE

EXHIBIT B

DESCRIPTION OF THE FACILITY

Energy Resources Administration Building. The Energy Resources Administration Building, located at 2400 East Spring Street, was built in 1970. It is the headquarters for the City's Gas & Oil Department (formerly Long Beach Energy). The main office building is 22,244 square feet and provides office space to primarily the City's Gas functions for the following services Business Operations (accounting, payroll and oversight of gas warehouse), Gas Supply (gas purchases), Engineering, Gas Construction, Gas Customer Service (turning gas pilots on/off, installation of new gas meters, and gas pipeline maintenance), and Safety Division (occupational safety). The building also houses an auditorium used by various departments for training purposes and other functions. The Gas section's warehouse is located on the same parcel near this building. The Executive Director's Office, which manages the City's gas and oil operations are located in this building; however, most of the Oil operations are housed at other locations.

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, 2019

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 Refunding Bonds, Series 2019B
(Open Space Refinancing Project)

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE, dated as of May 1, 2019, 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 agency 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, 2019, 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, 2019, by and between the Authority and U.S. Bank National Association, as trustee.

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, 2031), unless such term is extended or sooner terminated as hereinafter provided. If, on August 1, 2031, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment. If, prior to August 1, 2031, 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 Series B 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 Series B Bonds including the unpaid principal and interest with respect to any such Series B 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 Series B Bonds shall be used solely for the purpose of refunding the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project) and paying the costs of issuance of the Series B Bonds, 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, 333 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, 333 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: _____
David S. Nakamoto,
City Treasurer

FINANCE AUTHORITY OF LONG BEACH

By: _____
David S. Nakamoto,
Treasurer/Auditor

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF PARCEL 1, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 19075, FILED IN BOOK 208 PAGES 90 AND 91 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 0 DEGREE 11 MINUTES 45 SECONDS EAST 355.56 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 141.56 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 20.00 FEET; THENCE SOUTH 0 DEGREE 12 MINUTES 27 SECONDS WEST 129.07 FEET TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 19075; THENCE ALONG SAID PROLONGATION TO AND ALONG SAID NORTHERLY LINE, SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 395.57 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE ALONG THE MOST EASTERLY LINE OF SAID PARCEL 1 NORTH 0 DEGREE 10 MINUTES 55 SECONDS EAST 341.59 FEET TO A POINT SAID POINT BEING DISTANCE THEREON SOUTH 0 DEGREE 10 MINUTES 55 SECONDS WEST 63.00 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE NORTH 89 DEGREES 49 MINUTES 05 SECONDS WEST 415.47 FEET TO A LINE THAT IS PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1 AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 0 DEGREE 11 MINUTES 45 SECONDS WEST 212.51 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN LOT 1 OF TRACT NO. 16183, ALL OIL, GAS, HYDROCARBON SUBSTANCES, AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID PROPERTY, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID PROPERTY LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR ANY PRODUCTION OF OIL, GAS HYDROCARBON SUBSTANCES, OR MINERALS FROM SAID PROPERTY OR OTHER LANDS, BUT WITHOUT HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSES WHATSOEVER, TO THE EXTENT RESERVED BY THE PARTIES NAMED IN DEEDS, LEASES AND OTHER DOCUMENTS OF RECORD; PROVIDED FURTHER, HOWEVER, THAT ANY SUCH DRILLING AND USE SHALL NOT ADVERSELY AFFECT THE STRUCTURAL SUPPORT OF THE IMPROVEMENTS CONSTRUCTED THEREON AS RESERVED IN THE DEED RECORDED SEPTEMBER 13, 1982 AS INSTRUMENT NO. 82-924162, OFFICIAL RECORDS.

SAID LAND IS SHOWN AS PARCEL 1 ON WAIVED PARCEL MAP NO. 9102-22 AS SAID MAP IS ATTACHED TO THAT CERTAIN GRANT OF CERTIFICATE OF COMPLIANCE RECORDED JULY 19, 1991 AS INSTRUMENT NO. 91-1114901.

EXHIBIT B

DESCRIPTION OF THE FACILITY

Health Administration Building. The Health Administration Building, located at 2525 Grand Avenue, was remodeled and occupied by the City's Health Department in 1993. The building is 57,350 square feet. The building provides office space for approximately 250 City employees providing various health services. These services include Occupational Health, Support Services, Environmental Health (Vector Control, Hazardous Material, Food Inspections), Human & Social Services (Rehabilitation Services, Homeless Services), Preventive Health (STD Clinical Services, Epidemiology, Vital Statistics), Public Health (Tobacco Education/Health Program, Laboratory Services), Nursing Services, Maternal & Adolescent Health Program, Nutrition Services, WIC Program, and Travel Immunizations.

INDENTURE OF TRUST

Dated as of May 1, 2019

by and between the

FINANCE AUTHORITY OF LONG BEACH

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Relating to:
\$ _____
Finance Authority of Long Beach
Lease Revenue Bonds, Series 2019A
(Public Safety Parking Garage Financing Project)

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 Series A Bonds	11
Section 1.04. Equal Security	12

ARTICLE II

ISSUANCE OF BONDS

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

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.02. Application of Proceeds of Sale of Series A 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 Series A Bonds	19

ARTICLE IV

REDEMPTION OF SERIES A BONDS

Section 4.01. Terms of Redemption	20
Section 4.02. Selection of Series A Bonds for Redemption	21
Section 4.03. Notice of Redemption	21
Section 4.04. Partial Redemption of Series A Bonds	21
Section 4.05. Effect of Redemption	21
Section 4.06. Purchase of Series A 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	24
Section 5.03. Application of Interest Account	24
Section 5.04. Application of Principal Account	24
Section 5.05. Application of Sinking Account	24
Section 5.06. Application of Redemption Fund	24
Section 5.07. Insurance and Condemnation Fund	25
Section 5.07. Investments	26

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment	27
Section 6.02. Extension of Payment of Series A Bonds	27

Section 6.03. Against Encumbrances	27
Section 6.04. Power to Issue Series A 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 Series A Bond Owners	33
Section 7.05. Series A Bond Owners' Direction of Proceedings	33
Section 7.06. Limitation on Series A 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 Series A Bonds; Preparation of New Series A Bonds	43
Section 9.04. Amendment of Particular Series A Bonds	43

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture	44
Section 10.02. Discharge of Liability on Series A 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 Series A 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 Series A Bonds	47
Section 11.06. Severability of Invalid Provisions	47
Section 11.07. Notices	47
Section 11.08. Evidence of Rights of Series A Bond Owners	48
Section 11.09. Disqualified Series A Bonds	48
Section 11.10. Money Held for Particular Series A 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 SERIES A BOND	
EXHIBIT B DESCRIPTION OF THE PROJECT	

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), dated as of May 1, 2019, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK 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").

RECITALS:

WHEREAS, the Authority is a joint exercise of powers agency 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 finance the costs of the new Public Safety Parking Garage (the "Project");

WHEREAS, for such purposes, the Authority has determined to issue its Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project), in the aggregate principal amount of \$_____ (the "Series A Bonds");

WHEREAS, the Series A 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 Series A 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, 2019 (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 Series A Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Series A Bonds, to establish and declare the terms and conditions upon which the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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.

“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 agency 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 Series A Bonds shall commence on the Closing Date and end on August 1, 2019.

“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 5, 2019, being the date of delivery of the Series A 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 Series A 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 Series A 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 Series A Bonds which would be Outstanding in such period if the Series A Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Series A 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 the City’s Energy Resources Administration Building, located at 2400 East Spring Street, Long Beach, California, 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, 2020.

“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, 2019, 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, 2020, Interest Payment Date, the fifteenth (15th) 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 Series A 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 Series A 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 Merrill Lynch, Pierce, Fenner & Smith Incorporated, the original purchaser of the Series A Bonds upon their delivery by the Trustee on the Closing Date.

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

"Owner," whenever used herein with respect to a Series A Bond, means the person in whose name the ownership of such Series A 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 Series A 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 Projects 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" means the new Public Safety Parking Garage, more particularly described in Exhibit B attached hereto.

"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;

(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; and

(g) the interest components of the Lease Payments during the period of Acquisition and Construction of the Project, to the extent not paid from the proceeds of the Series A Bonds deposited in the Interest Account pursuant to the Indenture.

"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 Series A 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.

“*Series A Bonds*” means the \$_____ aggregate principal amount of Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project), authorized by and at any time Outstanding pursuant to this Indenture.

“*Sinking Account*” means the account by that name established in the Series A Bond Fund pursuant to Section 5.02.

“*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, 2019, 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.

“*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 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.

“*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 Series A Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series A 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 Series A 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 Series A Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Series A Bonds pursuant to this Indenture for the purposes described herein.

Section 1.04. Equal Security. In consideration of the acceptance of the Series A 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 Series A 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 Series A Bonds without preference, priority or distinction as to security or otherwise of any of the Series A 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 Series A Bonds. The Authority hereby authorizes the issuance of the Series A Bonds, which shall constitute limited obligations of the Authority, for the purpose of providing funds to finance the Project. The Series A Bonds are hereby designated the "Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project)." The aggregate principal amount of Series A 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 Series A Bonds to the Original Purchaser upon payment of the purchase price therefor. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Series A Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Series A Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Series A Bonds.

(a) The Series A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series A Bond shall have more than one maturity date. The Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds shall be payable in lawful money of the United States of America.

Each Series A 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 January 15, 2019, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Series A Bond, interest thereon is in default, such Series A 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 Series A Bonds. Any Series A 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 Series A 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 A Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Series A Bonds for redemption or if such Series A Bond has been selected for redemption pursuant to Article IV. Whenever any Series A Bond or Series A Bonds shall be surrendered for transfer, the Authority shall execute, and the Trustee shall authenticate and shall deliver a new Series A Bond or Series A Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Series A 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 Series A Bonds and any services rendered, or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Any Series A Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series A Bonds of other authorized denominations and of like maturity. Exchange of any Series A Bond shall not be permitted during the period established by the Trustee for selection of Series A Bonds for redemption or if such Series A Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds by the Trustee, together with a written request of an Authorized Representative of the Authority to the Trustee, a single new Series A Bond shall be issued, authenticated and delivered for each maturity of such Series A 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 Series A Bonds by the Trustee together with a written request of an Authorized Representative of the Authority, new Series A 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 Series A 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 Series A Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the Authority's expense, deliver the Series A 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 Series A 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 Series A 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 Series A Bond.

(e) So long as all outstanding Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds as provided in Section 2.03.

Section 2.06. Form and Execution of Series A Bonds. The Series A 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 Series A Bonds shall cease to be such officer before the Series A Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Series A 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 Series A Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Series A Bond shall be the proper officer although on the nominal date of such Series A Bond such individual shall not have been such officer.

Only such of the Series A Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, 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 Series A Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Temporary Series A Bonds. The Series A Bonds may be issued in temporary form exchangeable for definitive Series A Bonds when ready for delivery. Any temporary Series A 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 Series A 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 Series A Bonds. If the Authority issues temporary Series A Bonds it will execute and deliver definitive Series A Bonds as promptly thereafter as practicable, and thereupon the temporary Series A Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Series A Bonds an equal aggregate principal amount of definitive Series A Bonds of authorized denominations. Until so exchanged, the temporary Series A Bonds shall be entitled to the same benefits under this Indenture as definitive Series A Bonds authenticated and delivered hereunder.

Section 2.08. Series A Bonds Mutilated, Lost, Destroyed or Stolen. If any Series A Bond shall become mutilated, the Authority, at the expense of the Owner of said Series A Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series A Bond of like tenor in exchange and substitution for the Series A Bond so mutilated, but only upon surrender

to the Trustee of the Series A Bond so mutilated. Every mutilated Series A Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Series A 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 Series A Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series A Bond of like tenor in lieu of and in substitution for the Series A Bond so lost, destroyed or stolen (or if any such Series A Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Series A 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 Series A 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 Series A Bond issued under the provisions of this Section 2.08 in lieu of any Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds.

(a) Upon the receipt of payment for the Series A Bonds on the Closing Date of \$_____, being the principal amount of the Series A Bonds of \$_____, less an underwriter's discount of \$_____, plus a net original issue premium 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; and

(ii) 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 3.02(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 8, 2019, 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 3.02(a)(ii) 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 Authority or 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, at the direction of the City, either (i) transfer such amounts to the Series A Bond Fund and applied to the payment of interest on the Series A Bonds, or (ii) apply such amount to the redemption of Series A Bonds in accordance with Section 4.01(d) hereof and, in either case, the Project Fund shall be closed.

Section 3.04. Validity of Series A Bonds. The validity of the authorization and issuance of the Series A 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 Series A 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 SERIES A BONDS

Section 4.01. Terms of Redemption.

(a) *Sinking Account Redemption.* The Series A Bonds maturing on August 1, ____ (the "Series A Term Series A Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule 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 (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the Series A Term Series A Bonds have been redeemed as described in paragraphs (b), (c) or (d) below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Series A Term Series A Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the City and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

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

(b) *Optional Redemption.* The Series A Bonds maturing on or before August 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Series A Bonds maturing on or after August 1, ____, shall be subject to optional redemption, in whole or in part, upon thirty (30) days written notice to the Trustee by the Authority, at the direction of the City, of its intention to optionally prepay all or a portion of the Lease Payments, on any date on or after August 1, ____, from any available source of funds of the City, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(c) *Special Mandatory Redemption from Insurance or Condemnation Proceeds.* The Series A Bonds shall also 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, 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.

(d) *Extraordinary Redemption from Unexpended Proceeds.* The Series A Bonds are subject to extraordinary redemption at the option of the City from moneys remaining in the Project Fund upon the completion of the Project pursuant to Section 3.03(c) hereof at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Section 4.02. Selection of Series A Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Series A Bonds of a particular maturity, the Trustee shall select the Series A Bonds to be redeemed from all Series A 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 Series A 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 A Bond. If less than all the Outstanding Series A 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 Series A 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 Series A 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 Series A Bonds (or all Series A Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Series A Bonds within a maturity are called for redemption) Series A Bond numbers of the Series A Bonds to be redeemed, the maturity or maturities of the Series A Bonds to be redeemed and in the case of Series A 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 Series A Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series A 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 Series A Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Section 4.04. Partial Redemption of Series A Bonds. Upon surrender of any Series A 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 Series A Bond or Series A Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series A 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 Series A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series A Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Series A Bonds so called for redemption shall cease to accrue, said Series A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Series A Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series A 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 Series A Bonds. In lieu of redemption of Series A 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 Series A 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 Series A Bonds were redeemed. The aggregate principal amount of Series A Bonds of the same maturity purchased in lieu of redemption pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Series A Bonds of such maturity which would otherwise be subject to such redemption. Any Series A 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 Series A 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 Series A 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 Series A 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 5.06 and 5.07, 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 (each of which the Trustee shall establish and maintain within the Revenue Fund), 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 Series A 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 Series A Bonds coming due at maturity and payable on such Interest Payment Date.

(c) The Trustee shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Series A Bonds required to be redeemed on such date, if any, pursuant to Section 4.01(a).

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

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 Series A Bonds at their respective maturity dates.

Section 5.05. Application of Sinking Account. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Series A Bonds pursuant to Section 4.01(a).

Section 5.06. 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 Series A Bonds to be redeemed pursuant to Section 4.01(b); *provided, however,* that at any time prior to the selection of Series A Bonds for redemption, the Trustee may apply such amounts to the purchase of Series A Bonds at public or private sale, in accordance with Section 4.06.

Section 5.07. 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 5.07.

(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 Series A 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 Series A 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 Series A 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 Series A Bonds in strict conformity with the terms of the Series A 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 Series A Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series A Bonds or the time of payment of any claims for interest by the purchase of such Series A Bonds or by any other arrangement, and in case the maturity of any of the Series A Bonds or the time of payment of any such claims for interest shall be extended, such Series A 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 Series A 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 Series A Bonds for the purpose of refunding any Outstanding Series A Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series A 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 Series A 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 Series A Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Series A 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 Series A 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 Series A Bonds and this Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Series A 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 Series A 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 Series A Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Series A 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 Series A 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 Series A Bonds to be includable in gross income of the Owners of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds (including persons holding Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Series A 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 Series A 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 Series A Bond Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Series A Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Series A Bond Owner in any such proceeding without the approval of the Series A 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 Series A 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 Series A Bonds (upon presentation of the Series A 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 Series A 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 Series A Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Series A 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 Series A Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Series A 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 Series A Bonds, subject to the provisions of this Indenture.

Section 7.05. Series A Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Series A 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 Series A Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Series A 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 Series A Bonds, or to enforce any right under the Series A Bonds, this Indenture, the Lease Agreement or other applicable law with respect to the Series A 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 Series A 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 Series A 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 Series A Bonds to the respective Owners of the Series A 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 Series A Bonds.

Section 7.08. Termination of Proceedings. If any proceedings taken by the Trustee or any one or more Series A 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 Series A Bond Owners, then the Authority, the Trustee and the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds and to the Series A 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 Series A 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 Series A 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 Series A Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Series A 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 Series A 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 Series A Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 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 them 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 Series A Bonds appearing in the Registration Books as the absolute owners of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Series A 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 Series A Bond so affected, or (ii) reduce the aforesaid percentage of Series A 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 Series A 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 Series A Bonds then Outstanding. It shall not be necessary for the consent of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series B 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 Series A 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 Series A 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 Series A 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 Series A Bonds; Preparation of New Series A Bonds. Series A 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 Series A Bonds Outstanding at the time of such execution and presentation of his Series A 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 Series A Bonds. If the Supplemental Indenture shall so provide, new Series A 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 Series A Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Series A Bond Owner, for Series A Bonds then Outstanding, upon surrender for cancellation of such Series A Bonds, in equal aggregate principal amount of the same series and maturity.

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

ARTICLE X
DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Series A 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 Series A 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 Series A Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Series A 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 Series A Bonds (whether upon or prior to the maturity or the redemption date of such Series A Bonds), provided that, if such Series A 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 Series A 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 Series A Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Series A 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 Series A 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 Series A Bonds and all unpaid interest thereon to maturity, except that, in the case of Series A 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 Series A 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 Series A Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Series A 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 Series A Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Series A 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 Series A Bonds and remaining unclaimed for two (2) years after the principal of all of the Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds is liable personally on the Series A Bonds or subject to any personal liability or accountability by reason of their issuance. The Series A 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 Series A Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Series A 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 Series A 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 Series A 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 Series A Bond Owners. Nothing in this Indenture or in the Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Series A Bonds, the Trustee shall, in lieu of such cancellation and delivery, cancel and destroy such Series A 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 Series A 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 Series A 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
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the City: City of Long Beach
Department of Financial Management
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the Trustee: U.S. Bank 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 Series A Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Series A Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Series A 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 Series A 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 Series A Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Series A Bond shall bind every future Owner of the same Series A Bond and the Owner of every Series A 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 Series A Bonds. In determining whether the Owners of the requisite aggregate principal amount of Series A Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Series A 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 Series A 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 Series A Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination (unless 100% of the Series A Bonds are so owned). Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Series A Bonds (or portions of Series A Bonds in the case of Series A 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 Series A 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 Series A 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 Series A 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.

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 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: _____
David S. Nakamoto,
Treasurer / Auditor

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES A BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

**FINANCE AUTHORITY OF LONG BEACH
Lease Revenue Bonds, Series 2019A
(Public Safety Parking Garage Financing Project)**

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____ %	August 1, _____	May 5, 2019	_____

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 Series A Bond unless (i) this Series A 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 Series A Bond is authenticated on or before January 15, 2020, 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 Series A Bond, interest is in default on this Series A Bond, this Series A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Series A Bond, at the Interest Rate specified above, payable semiannually on February 1 and August 1 in each year, commencing February 1, 2020, (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 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 Series A 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 Series A 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 Series A Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined).

This Series A 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 2019A (Public Safety Parking Garage Financing Project) (the "Series A 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, 2019, by and between the Authority and the Trustee (the "Indenture"), and a resolution of the Authority adopted on February 25, 2019, authorizing the issuance of the Series A 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 Series A Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Series A 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 Series A Bond, by acceptance hereof, assents and agrees.

The Series A Bonds are being issued to (a) finance a portion of the costs of the new Public Safety Parking Garage, and (b) pay costs of issuance of the Series A Bonds.

This Series A Bond and the interest and premium, if any, hereon and all other Series A 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 Series A Bonds.

The rights and obligations of the Authority and the owners of the Series A 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 Series A 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 Series A Bond so affected.

The Series A Bonds maturing on or before August 1, ____, are not subject to optional redemption prior to maturity. The Series A 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 Series A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Series A 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 Series A 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.

The Series A Bonds are subject to extraordinary redemption at the option of the City from moneys remaining in the Project Fund upon the completion of the Project at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest 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 Series A 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 Series A 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 Series A 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 Series A Bond. Upon registration of such transfer, a new Series A Bond or Series A 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 Series A Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds permitted to be issued under the Indenture.

This Series A 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 Series A Bond to be executed in its name and on its behalf with the facsimile signature of its Treasurer/Auditor of as of the Original Issue Date specified above.

FINANCE AUTHORITY OF LONG BEACH

By: _____
David S. Nakamoto,
Treasurer/Auditor

CERTIFICATE OF AUTHENTICATION

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

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

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 Series A 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 Series A Bond in every particular without alteration or enlargement or any change whatsoever."

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of the design and construction of a five level above ground, 334 stall parking garage. The parking structure will be rectangular in shape (dimensions 198' x 120'), with two-way (in and out) access off Chestnut Avenue in the City. A secondary exit is also planned (proposed as one-way only) from the Westside of the structure to Magnolia Avenue in the City. The garage will have two-way vehicular circulation throughout, with two way ramps between levels and parking stalls running along the ramps between levels. All parking stalls within the garage will be 90-degree parking except for two parking stalls on the entrance that will be parallel parking for larger vehicles. At least 5% of the parking stalls will be designated for electrical vehicles and charging stations will be installed at these locations. Dedicated ADA compliant parking spaces will also be provided per code. Two open staircases will be located on North-West and South-East corners of the garage structure. One ADA compliant elevator will be provided.

The parking structure façade facing Chestnut Avenue will include an artistic screening element. This will be designed in a way to compliment the surrounding buildings and enhance the visual experience for pedestrians and vehicles utilizing the Chestnut Avenue exit. Ventilation requirements will be achieved by natural airflow, thus reducing the need for additional mechanical systems. The construction will incorporate sustainable design principles such as in the materials used; the use of energy efficient lighting and the reuse storm water.

Construction is anticipated to begin in Q4 of 2019 with completion in 2020.

INDENTURE OF TRUST

Dated as of May 1, 2019

by and between the

FINANCE AUTHORITY OF LONG BEACH

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Relating to:

\$_____

Finance Authority of Long Beach
Lease Revenue Refunding Bonds, Series 2019B
(Open Space Refinancing Project)

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 Series B Bonds	11
Section 1.04. Equal Security	11

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization of Series B Bonds	12
Section 2.02. Terms of the Series B Bonds	12
Section 2.03. Transfer and Exchange of Series B Bonds	13
Section 2.04. Book-Entry System	13
Section 2.05. Registration Books	15
Section 2.06. Form and Execution of Series B Bonds	15
Section 2.07. Temporary Series B Bonds	15
Section 2.08. Series B Bonds Mutilated, Lost, Destroyed or Stolen	15
Section 2.09. CUSIP Numbers	16

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.02. Application of Proceeds of Sale of Series B Bonds	17
Section 3.02. Establishment and Application of Costs of Issuance Fund	17
Section 3.03. Validity of Series B Bonds	17

ARTICLE IV

REDEMPTION OF SERIES B BONDS

Section 4.01. Terms of Redemption	18
Section 4.02. Selection of Series B Bonds for Redemption	18
Section 4.03. Notice of Redemption	19
Section 4.04. Partial Redemption of Series B Bonds	19
Section 4.05. Effect of Redemption	19
Section 4.06. Purchase of Series B Bonds	19

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund	21
Section 5.02. Allocation of Revenues	22
Section 5.03. Application of Interest Account	22
Section 5.04. Application of Principal Account	22
Section 5.05. Application of Sinking Account	22
Section 5.06. Application of Redemption Fund	22
Section 5.07. Insurance and Condemnation Fund	22
Section 5.07. Investments	23

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment	25
Section 6.02. Extension of Payment of Series B Bonds	25

Section 6.03. Against Encumbrances	25
Section 6.04. Power to Issue Series B Bonds and Make Pledge and Assignment	25
Section 6.05. Accounting Records	25
Section 6.06. No Additional Obligations	26
Section 6.07. Tax Covenants	26
Section 6.08. Rebate Fund	26
Section 6.09. Collection of Amounts Due Under Lease Agreement	27
Section 6.10. Continuing Disclosure	28
Section 6.11. Waiver of Laws	28
Section 6.12. Further Assurances	28

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default	29
Section 7.02. Remedies Upon Event of Default	29
Section 7.03. Application of Revenues and Other Funds After Default	30
Section 7.04. Trustee to Represent Series B Bond Owners	31
Section 7.05. Series B Bond Owners' Direction of Proceedings	31
Section 7.06. Limitation on Series B Bond Owners' Right to Sue	31
Section 7.07. Absolute Obligation of Authority	32
Section 7.08. Termination of Proceedings	32
Section 7.09. Remedies Not Exclusive	32
Section 7.10. No Waiver of Default	32
Section 7.11. Parties Interested Herein	33

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee	34
Section 8.02. Merger or Consolidation	35
Section 8.03. Liability of Trustee	35
Section 8.04. Right to Rely on Documents	38
Section 8.05. Preservation and Inspection of Documents	38
Section 8.06. Compensation and Indemnification	39

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted	40
Section 9.02. Effect of Supplemental Indenture	41
Section 9.03. Endorsement of Series B Bonds; Preparation of New Series B Bonds	41
Section 9.04. Amendment of Particular Series B Bonds	41

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture	42
Section 10.02. Discharge of Liability on Series B Bonds	42
Section 10.03. Deposit of Money or Securities with Trustee	42
Section 10.04. Unclaimed Funds	43

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Revenues	44
Section 11.02. Limitation of Rights to Parties and Series B Bond Owners	44
Section 11.03. Funds and Accounts	44

Section 11.04. Waiver of Notice; Requirement of Mailed Notice	44
Section 11.05. Destruction of Series B Bonds	45
Section 11.06. Severability of Invalid Provisions	45
Section 11.07. Notices	45
Section 11.08. Evidence of Rights of Series B Bond Owners	46
Section 11.09. Disqualified Series B Bonds	46
Section 11.10. Money Held for Particular Series B Bonds	46
Section 11.11. Waiver of Personal Liability	46
Section 11.12. Successor Is Deemed Included in All References to Predecessor	47
Section 11.13. Execution in Several Counterparts	47
Section 11.14. Governing Law	47

EXHIBIT A FORM OF SERIES B SERIES B BOND

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), dated as of May 1, 2019, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK 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").

RECITALS:

WHEREAS, the Authority is a joint exercise of powers agency 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 refund the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project) (the "2006 Bonds");

WHEREAS, for such purposes, the Authority has determined to issue its Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project), in the aggregate principal amount of \$_____ (the "Series B Bonds");

WHEREAS, the Series B 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 Series B 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, 2019 (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 Series B Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Series B Bonds, to establish and declare the terms and conditions upon which the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds and of any certificate, opinion, request or other documents herein mentioned, have the meanings herein specified.

“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 agency 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 the interest on which is excludable from gross income of the owners thereof for federal income tax purposes under the Code.

“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 Series B Bonds shall commence on the Closing Date and end on August 1, 2019.

“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 8, 2019, being the date of delivery of the Series B 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.

"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 Series B 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 Series B 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 Series B Bonds which would be Outstanding in such period if the Series B Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Series B 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.

"Escrow Agreement" means that certain Escrow Agreement, dated the Closing Date, by and between the City and the Escrow Bank, providing for the refunding and redemption of the 2006 Bonds.

"Escrow Fund" means the fund by that name created and held by the Escrow Bank under the Escrow Agreement.

"Escrow Bank" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as escrow agent under the Escrow Agreement.

“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 the improvements more particularly described 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, 2020.

“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, 2019, 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, 2020, Interest Payment Date, the fifteenth (15th) 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 Series B 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 Series B 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 Merrill Lynch, Pierce, Fenner & Smith Incorporated, the original purchaser of the Series B Bonds upon their delivery by the Trustee on the Closing Date.

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

“Owner,” whenever used herein with respect to a Series B Bond, means the person in whose name the ownership of such Series B 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, but only to the extent that the same are acquired at Fair Market Value (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 Series B 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.

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

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

"Rebate Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.08.

"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 Series B 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 and the Rebate 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.

“Series B Bonds” means the \$_____ aggregate principal amount of Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project), authorized by and at any time Outstanding pursuant to this Indenture.

“Sinking Account” means the account by that name established in the Series B Bond Fund pursuant to Section 5.02.

“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, 2019, 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 and the City dated the Closing Date, with respect to tax matters relating to the Series B Bonds.

“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 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.

“2006 Bonds” means the Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project) currently outstanding in the principal amount of \$16,370,000.

“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 Series B Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series B 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 Series B 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 Series B Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Series B Bonds pursuant to this Indenture for the purposes described herein.

Section 1.04. Equal Security. In consideration of the acceptance of the Series B 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 Series B 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 Series B Bonds without preference, priority or distinction as to security or otherwise of any of the Series B 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 Series B Bonds.

The Authority hereby authorizes the issuance of the Series B Bonds, which shall constitute limited obligations of the Authority, for the purpose of providing funds to refund the 2006 Bonds. The Series B Bonds are hereby designated the "Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project)." The aggregate principal amount of Series B 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 Series B Bonds to the Original Purchaser upon payment of the purchase price therefor. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Series B Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Series B Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Series B Bonds.

(a) The Series B Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series B Bond shall have more than one maturity date. The Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds shall be payable in lawful money of the United States of America.

Each Series B 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 January 15, 2020, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Series B Bond, interest thereon is in default, such Series B 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 Series B Bonds. Any Series B 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 Series B 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 B Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Series B Bonds for redemption or if such Series B Bond has been selected for redemption pursuant to Article IV. Whenever any Series B Bond or Series B Bonds shall be surrendered for transfer, the Authority shall execute, and the Trustee shall authenticate and shall deliver a new Series B Bond or Series B Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Series B 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 Series B Bonds and any services rendered, or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Any Series B Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series B Bonds of other authorized denominations and of like maturity. Exchange of any Series B Bond shall not be permitted during the period established by the Trustee for selection of Series B Bonds for redemption or if such Series B Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds by the Trustee, together with a written request of an Authorized Representative of the Authority to the Trustee, a single new Series B Bond shall be issued, authenticated and delivered for each maturity of such Series B 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 Series B Bonds by the Trustee together with a written request of an Authorized Representative of the Authority, new Series B 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 Series B 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 Series B Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the Authority's expense, deliver the Series B 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 Series B 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 Series B 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 Series B Bond.

(e) So long as all outstanding Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds as provided in Section 2.03.

Section 2.06. Form and Execution of Series B Bonds. The Series B 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 Series B Bonds shall cease to be such officer before the Series B Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Series B 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 Series B Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Series B Bond shall be the proper officer although on the nominal date of such Series B Bond such individual shall not have been such officer.

Only such of the Series B Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit 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 Series B Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Temporary Series B Bonds. The Series B Bonds may be issued in temporary form exchangeable for definitive Series B Bonds when ready for delivery. Any temporary Series B 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 Series B 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 Series B Bonds. If the Authority issues temporary Series B Bonds it will execute and deliver definitive Series B Bonds as promptly thereafter as practicable, and thereupon the temporary Series B Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Series B Bonds an equal aggregate principal amount of definitive Series B Bonds of authorized denominations. Until so exchanged, the temporary Series B Bonds shall be entitled to the same benefits under this Indenture as definitive Series B Bonds authenticated and delivered hereunder.

Section 2.08. Series B Bonds Mutilated, Lost, Destroyed or Stolen. If any Series B Bond shall become mutilated, the Authority, at the expense of the Owner of said Series B Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series B Bond of like tenor in exchange and substitution for the Series B Bond so mutilated, but only upon surrender

to the Trustee of the Series B Bond so mutilated. Every mutilated Series B Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Series B 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 Series B Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series B Bond of like tenor in lieu of and in substitution for the Series B Bond so lost, destroyed or stolen (or if any such Series B Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Series B 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 Series B 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 Series B Bond issued under the provisions of this Section 2.08 in lieu of any Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds.

(a) Upon the receipt of payment for the Series B Bonds on the Closing Date of \$_____, being the principal amount of the Series B Bonds of \$_____, less an underwriter's 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; and

(ii) The Trustee shall transfer the amount of \$_____ to the Escrow Bank for deposit in the Escrow 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 3.02(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 8, 2019, 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 Revenue Fund and the Costs of Issuance Fund shall be closed.

Section 3.03. Validity of Series B Bonds. The validity of the authorization and issuance of the Series B 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 Series B 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 SERIES B BONDS

Section 4.01. Terms of Redemption.

(a) *Sinking Account Redemption.* The Series B Bonds maturing on August 1, ____ (the "Series B Term Series B Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule 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 (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the Series B Term Series B Bonds have been redeemed as described in paragraphs (b) or (c) below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Series B Term Series B Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the City and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

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

(b) *Optional Redemption.* The Series B Bonds maturing on or before August 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Series B Bonds maturing on or after August 1, ____, shall be subject to optional redemption, in whole or in part, upon thirty (30) days written notice to the Trustee by the Authority, at the direction of the City, of its intention to optionally prepay all or a portion of the Series B Lease Payments, on any date on or after August 1, ____, from any available source of funds of the City, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(c) *Special Mandatory Redemption from Insurance or Condemnation Proceeds.* The Series B Bonds shall also 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, 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 Series B Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Series B Bonds of a particular maturity, the Trustee shall select the Series B Bonds to be redeemed from all Series B 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 Series B 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 B Bond. If less than all the Outstanding Series B 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 Series B 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 Series B 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 Series B Bonds (or all Series B Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Series B Bonds within a maturity are called for redemption) Series B Bond numbers of the Series B Bonds to be redeemed, the maturity or maturities of the Series B Bonds to be redeemed and in the case of Series B 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 Series B Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue and shall require that such Series B 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 Series B Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Section 4.04. Partial Redemption of Series B Bonds. Upon surrender of any Series B 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 Series B Bond or Series B Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series B 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 Series B Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series B Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Series B Bonds so called for redemption shall cease to accrue, said Series B Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Series B Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series B 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 Series B Bonds. In lieu of redemption of Series B 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 Series B 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 Series B Bonds were redeemed. The aggregate principal amount of Series B Bonds of the same maturity purchased in lieu of redemption pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Series B Bonds of such maturity which would otherwise be subject to such redemption. Any Series B 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 Series B Bonds) held in any fund or account established pursuant to this Indenture (other than the Costs of Issuance Fund and the Rebate Fund) are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Series B 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 Series B 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 5.06 and 5.07, 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 (each of which the Trustee shall establish and maintain within the Revenue Fund), 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 Series B 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 Series B Bonds coming due at maturity and payable on such Interest Payment Date.

(c) The Trustee shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Series B Bonds required to be redeemed on such date, if any, pursuant to Section 4.01(a).

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

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 Series B Bonds at their respective maturity dates.

Section 5.05. Application of Sinking Account. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Series B Bonds pursuant to Section 4.01(a).

Section 5.06. 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 Series B Bonds to be redeemed pursuant to Section 4.01(b); *provided, however,* that at any time prior to the selection of Series B Bonds for redemption, the Trustee may apply such amounts to the purchase of Series B Bonds at public or private sale, in accordance with Section 4.06.

Section 5.07. 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 5.07.

(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 Series B 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 Series B 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, except that any earnings on amounts in the Rebate Fund shall remain in such fund to be used for the purposes thereof. 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 Series B 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 Series B Bonds in strict conformity with the terms of the Series B 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 Series B Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series B Bonds or the time of payment of any claims for interest by the purchase of such Series B Bonds or by any other arrangement, and in case the maturity of any of the Series B Bonds or the time of payment of any such claims for interest shall be extended, such Series B 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 Series B 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 Series B Bonds for the purpose of refunding any Outstanding Series B Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series B 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 Series B 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 Series B Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Series B 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 Series B 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 Series B Bonds and this Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Series B 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 Series B 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 Series B Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Series B 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 Series B 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 Series B Bonds to be includable in gross income of the Owners of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds (including persons holding Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Series B 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 Series B 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 Series B Bond Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Series B Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Series B Bond Owner in any such proceeding without the approval of the Series B 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 Series B 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 Series B Bonds (upon presentation of the Series B 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 Series B 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 Series B Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Series B 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 Series B Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Series B 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 Series B Bonds, subject to the provisions of this Indenture.

Section 7.05. Series B Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Series B 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 Series B Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Series B 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 Series B Bonds, or to enforce any right under the Series B Bonds, this Indenture, the Lease Agreement or other applicable law with respect to the Series B 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 Series B 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 Series B 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 Series B Bonds to the respective Owners of the Series B 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 Series B Bonds.

Section 7.08. Termination of Proceedings. If any proceedings taken by the Trustee or any one or more Series B 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 Series B Bond Owners, then the Authority, the Trustee and the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds and to the Series B 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 Series B 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 Series B 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 Series B Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Series B 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 Series B 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 Series B Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 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 them 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 Series B Bonds appearing in the Registration Books as the absolute owners of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Series B 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 Series B Bond so affected, or (ii) reduce the aforesaid percentage of Series B 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 Series B 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 Series B Bonds then Outstanding. It shall not be necessary for the consent of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds; Preparation of New Series B Bonds. Series B 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 Series B Bonds Outstanding at the time of such execution and presentation of his Series B 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 Series B Bonds. If the Supplemental Indenture shall so provide, new Series B 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 Series B Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Series B Bond Owner, for Series B Bonds then Outstanding, upon surrender for cancellation of such Series B Bonds, in equal aggregate principal amount of the same series and maturity.

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

ARTICLE X
DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Series B 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 Series B 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 Series B Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Series B 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 Series B Bonds (whether upon or prior to the maturity or the redemption date of such Series B Bonds), provided that, if such Series B 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 Series B 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 Series B Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Series B 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 Series B 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 Series B Bonds and all unpaid interest thereon to maturity, except that, in the case of Series B 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 Series B 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 Series B Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Series B 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 Series B Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Series B 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 Series B Bonds and remaining unclaimed for two (2) years after the principal of all of the Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds is liable personally on the Series B Bonds or subject to any personal liability or accountability by reason of their issuance. The Series B 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 Series B Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Series B 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 Series B 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 Series B 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 Series B Bond Owners. Nothing in this Indenture or in the Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Series B Bonds, the Trustee shall, in lieu of such cancellation and delivery, cancel and destroy such Series B 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 Series B 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 Series B 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
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the City: City of Long Beach
Department of Financial Management
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the Trustee: U.S. Bank 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 Series B Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Series B Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Series B 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 Series B 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 Series B Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Series B Bond shall bind every future Owner of the same Series B Bond and the Owner of every Series B 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 Series B Bonds. In determining whether the Owners of the requisite aggregate principal amount of Series B Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Series B 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 Series B 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 Series B Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination (unless 100% of the Series B Bonds are so owned). Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Series B Bonds (or portions of Series B Bonds in the case of Series B 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 Series B 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 Series B 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 Series B 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.

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 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: _____
David S. Nakamoto,
Treasurer / Auditor

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES B SERIES B BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

**FINANCE AUTHORITY OF LONG BEACH
Lease Revenue Refunding Bonds, Series 2019B
(Open Space Refinancing Project)**

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____ %	August 1, _____	May 8, 2019	_____

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 Series B Bond unless (i) this Series B 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 Series B Bond is authenticated on or before January 15, 2020, 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 Series B Bond, interest is in default on this Series B Bond, this Series B Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Series B Bond, at the Interest Rate specified above, payable semiannually on February 1 and August 1 in each year, commencing February 1, 2020, (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 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 Series B 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 Series B 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 Series B Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined).

This Series B Bond is one of a duly authorized issue of bonds of the Authority designated as the "Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project)" (the "Series B 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, 2019, by and between the Authority and the Trustee (the "Indenture"), and a resolution of the Authority adopted on February 25, 2019, authorizing the issuance of the Series B 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 Series B Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Series B 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 Series B Bond, by acceptance hereof, assents and agrees.

The Series B Bonds are being issued to (a) refund the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project), and (b) pay costs of issuance of the Series B Bonds.

This Series B Bond and the interest and premium, if any, hereon and all other Series B 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 Series B Bonds.

The rights and obligations of the Authority and the owners of the Series B 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 Series B 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 Series B Bond so affected.

The Series B Bonds maturing on or before August 1, ____, are not subject to optional redemption prior to maturity. The Series B 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 Series B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bond. Upon registration of such transfer, a new Series B Bond or Series B 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 Series B Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds permitted to be issued under the Indenture.

This Series B 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 Series B Bond to be executed in its name and on its behalf with the facsimile signature of its Treasurer/ Auditor of as of the Original Issue Date specified above.

FINANCE AUTHORITY OF LONG BEACH

By: _____
David S. Nakamoto,
Treasurer/ Auditor

CERTIFICATE OF AUTHENTICATION

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

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

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 Series B 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 Series B Bond in every particular without alteration or enlargement or any change whatsoever."

LEASE AGREEMENT

Dated as of May 1, 2019

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 2019A
(Public Safety Parking Garage Financing Project)

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 SERIES A BONDS; ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 3.1. The Series A Bonds	6
Section 3.2. Plans and Specifications for the Projects	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. No Prepayment Option	9
Section 4.5. Quiet Enjoyment	9
Section 4.6. Title	9
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 Series A 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 Series A Bond Owners 31
Section 10.11. Captions 31

EXHIBIT A: DESCRIPTION OF THE SITE
EXHIBIT B: DESCRIPTION OF THE FACILITY
EXHIBIT C: SCHEDULE OF LEASE PAYMENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of May 1, 2019, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency 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").

RECITALS:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of May 1, 2019 (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 provide to provide financing for the costs of the new Public Safety Park Garage (the "Project");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Series A 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 National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of May 1, 2019, 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 2019A (Public Safety Parking Garage Financing Project) (the "Series A Bonds"); and

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

AGREEMENT:

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: SCHEDULE OF 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 agency duly organized and existing under the laws of the State and is duly authorized to issue the Series A 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 Series A 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 Series A Bonds, the application of the proceeds of the Series A 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 Series A Bonds or the Site and Facility Lease, this Lease Agreement and the Indenture, or (iii) questions the tax-exempt status of interest on the Series A 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 Series A 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 SERIES A BONDS; ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 3.1. The Series A Bonds. The Authority has authorized the issuance of the Series A Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars (\$_____). The Authority agrees that the proceeds of sale of the Series A Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture. 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 Series A Bonds by the Authority thereunder.

Section 3.2. Plans and Specifications for the Projects. 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 August 1, 2021; *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 such Project.

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 Bond 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 Projects 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, 2038, or such earlier date on which the Series A Bonds shall no longer be Outstanding under the Indenture. If, on August 1, 2038, 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, 2048.

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 hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. 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 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 Series A 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 Series A 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. No Prepayment Option. The Lease Payments are not subject to optional prepayment by the City.

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 Series A Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bond Limitation*. The City shall assure that proceeds of the Series A Bonds are not so used as to cause the Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds to be “arbitrage Series A 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 Series A Bonds from the gross income of the Owners of the Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds. These obligations and those in Section 7.5 shall remain valid and in effect notwithstanding payment of the Lease Payments or the Series A 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 Series A Bonds, the Indenture, the Site and Facility Lease, this Lease Agreement or the Tax Certificate relating to the Series A 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 Series A 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 Series A 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 Series A Bonds or any of the documents relating to the Series A Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure

document for the Series A 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 Series A Bonds, or allegations that interest on the Series A Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Series A 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 Series A 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 Series A 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 Series A 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 Series A Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this 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 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 Series A Bonds to become included in gross income of the Owners of the Series A 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 Series A Bonds; and

(ix) The City shall provide notice of such substitution to any rating agency then rating the Series A 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 to substitute;

(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 Series A Bonds; and

(viii) The City shall provide notice of such substitution to any rating agency then rating the Series A 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 Series A 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 Series A 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 Series A Bonds then outstanding; and

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

Notwithstanding any other provision hereof, on or after the Completion Date, the City shall have the absolute right to substitute the Project, as described in Exhibit B to the Indenture, and its related site (the "Project Site"), for the Site and the Facility subject to this Lease Agreement and the Site and Facility Lease, and to release the Site and 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 Project Site and deletes therefrom the description 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 Project Site and deletes therefrom the description 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 Project Site and deletes therefrom the description 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 Project and deletes therefrom the description 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 Project and deletes therefrom the description 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 Project is of equal or greater value than the outstanding principal amount of the Series A Bonds;

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

(viii) The City shall certify that the Project has a useful life equal to or longer than the remaining term of the Series A 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 Series A Bonds, or (b) without the consent of any of the Series A 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 Series A 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 Series A Bonds of interest on the Series A 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 nondefaulting 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 nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting 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 Series A 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 Series A 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
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the City: City of Long Beach
Department of Financial Management
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th 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 Series A 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 Series A 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 Series A 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: _____
David S. Nakamoto,
Treasurer/Auditor

CITY OF LONG BEACH

By: _____
David S. Nakamoto,
City Treasurer

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF FARM LOT 45 OF THE AMERICAN COLONY TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 89 AND 90 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHWESTERLY AND SOUTHERLY AND EASTERLY OF A LINE DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED SEPTEMBER 23, 1960 AS INSTRUMENT NO. 1723, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID FARM LOT 45; THENCE

(1) ALONG THE SOUTHERLY LINE OF SAID LOT SOUTH 89 DEGREES 50' 16" WEST, 40.00 FEET TO A POINT HEREIN DESCRIBED POINT "G"; THENCE

(2) CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89 DEGREES 50' 16" WEST, 107.95 FEET; THENCE

(3) NORTH 59 DEGREES 21' 12" WEST, 234.05 FEET; THENCE

(4) NORTH 3 DEGREES 48' 51" WEST, 75.16 FEET; THENCE

(5) NORTH 51 DEGREES 20' 25" WEST, 32.02 FEET; THENCE

(6) NORTH 90 DEGREES 00' 00" WEST, 120.00 FEET; THENCE

(7) NORTH 54 DEGREES 51' 57" WEST, 165.08 FEET; THENCE

(8) NORTH 51 DEGREES 57' 10" WEST, 146.03 FEET; THENCE

(9) NORTH 59 DEGREES 26' 56" WEST, 408.94 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH THE SOUTHERLY 50.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF SPRING STREET, 60 FEET WIDE, AS SHOWN ON SAID MAP OF AMERICAN COLONY TRACT, SAID LAST MENTIONED POINT HEREIN DESIGNATED POINT "H"; THENCE

(10) ALONG SAID PARALLEL LINE SOUTH 89 DEGREES 50' 45" WEST, 157.06 FEET TO A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET; THENCE

(11) ALONG SAID LAST MENTIONED CURVE SOUTHWESTERLY, THROUGH AN ANGLE OF 90 DEGREES 06' 04", AN ARC DISTANCE OF 47.18 FEET TO A TANGENT LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY, 32.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF JUNIPERO AVENUE, 60 FEET WIDE, (FORMERLY KNOWN AS VINE AVENUE); THENCE

(12) ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH 0 DEGREE 15' 19" EAST, 219.89 FEET; THENCE

(13) SOUTH 89 DEGREES 44' 41" WEST, 32.00 FEET TO SAID CENTER LINE OF JUNIPERO AVENUE

EXHIBIT B

DESCRIPTION OF THE FACILITY

Energy Resources Administration Building. The Energy Resources Administration Building, located at 2400 East Spring Street, was built in 1970. It is the headquarters for the City's Gas & Oil Department (formerly Long Beach Energy). The main office building is 22,244 square feet and provides office space to primarily the City's Gas functions for the following services Business Operations (accounting, payroll and oversight of gas warehouse), Gas Supply (gas purchases), Engineering, Gas Construction, Gas Customer Service (turning gas pilots on/off, installation of new gas meters, and gas pipeline maintenance), and Safety Division (occupational safety). The building also houses an auditorium used by various departments for training purposes and other functions. The Gas section's warehouse is located on the same parcel near this building. The Executive Director's Office, which manages the City's gas and oil operations are located in this building; however, most of the Oil operations are housed at other locations.

EXHIBIT C

SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
1/15/20			
7/15/20			
1/15/21			
7/15/21			
1/15/22			
7/15/22			
1/15/23			
7/15/23			
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7/15/36			
1/15/37			
7/15/37			
1/15/38			
7/15/38			
1/15/39			
7/15/39			
TOTAL	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

LEASE AGREEMENT

Dated as of May 1, 2019

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 Refunding Bonds, Series 2019B
(Open Space Refinancing Project)

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 SERIES B BONDS	
Section 3.1. The Series B Bonds	6
ARTICLE IV	
LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT; LEASE PAYMENTS	
Section 4.1. Lease of Property	7
Section 4.2. Term of Lease	7
Section 4.3. Lease Payments	7
Section 4.4. No Prepayment Option	8
Section 4.5. Quiet Enjoyment	8
Section 4.6. Title	8
Section 4.7. Additional Payments	9
ARTICLE V	
MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS	
Section 5.1. Maintenance, Utilities, Taxes and Assessments	11
Section 5.2. Modification of Property	11
Section 5.3. Public Liability and Property Damage Insurance	12
Section 5.4. Fire and Extended Coverage Insurance	12
Section 5.5. Rental Interruption Insurance	12
Section 5.6. Recordation Hereof; Title Insurance	13
Section 5.7. Net Proceeds of Insurance; Form of Policies	13
Section 5.8. Installation of Personal Property	13
Section 5.9. Liens	14
Section 5.10. Tax Covenants	14
Section 5.11. Continuing Disclosure	14
Section 5.12. Payment of Costs of Issuance and Direction of Investments	15
ARTICLE VI	
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF LEASE PAYMENTS	
Section 6.1. Application of Net Proceeds	16
Section 6.2. Abatement of Lease Payments	16
ARTICLE VII	
DISCLAIMER OF WARRANTIES; ACCESS	
Section 7.1. Disclaimer of Warranties	18
Section 7.2. Rights of Access	18

Section 7.3. Non-Liability of the Authority	18
Section 7.4. Expenses	19
Section 7.5. Indemnification	19
Section 7.6. Waiver of Personal Liability	20

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority	21
Section 8.2. Assignment and Subleasing by the City	21
Section 8.3. Amendment of Lease	21

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined	25
Section 9.2. Remedies on Default	25
Section 9.3. Limitation on Remedies	26
Section 9.4. No Remedy Exclusive	26
Section 9.5. Agreement to Pay Attorneys' Fees and Expenses	27
Section 9.6. No Additional Waiver Implied by One Waiver	27
Section 9.7. Trustee and Series B Bond Owners to Exercise Rights	27

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices	28
Section 10.2. Binding Effect	28
Section 10.3. Severability	28
Section 10.4. Net-net-net Lease	28
Section 10.5. Further Assurances and Corrective Instruments	29
Section 10.6. Execution in Counterparts	29
Section 10.7. Governing Law	29
Section 10.8. Authorized Representatives	29
Section 10.9. Waiver of Personal Liability	29
Section 10.10. Limitation of Rights to Parties and Series B Bond Owners	29
Section 10.11. Captions	29

EXHIBIT A:	DESCRIPTION OF THE SITE
EXHIBIT B:	DESCRIPTION OF THE FACILITY
EXHIBIT C:	SCHEDULE OF LEASE PAYMENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of May 1, 2019, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency 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").

RECITALS:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of May 1, 2019 (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 provide financing to refund the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project) (the "2006 Bonds");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Series B 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 National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of May 1, 2019, 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 Refunding Bonds, Series 2019B (Open Space Refinancing Project) (the "Series B Series B Bonds"); and

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

AGREEMENT:

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: SCHEDULE OF 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 agency duly organized and existing under the laws of the State and is duly authorized to issue the Series B 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, the Escrow 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, the Escrow 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 Series B 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 and the refunding of the 2006 Bonds.

(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 Series B Bonds, the application of the proceeds of the Series B 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 Series B Bonds or the Site and Facility Lease, this Lease Agreement, the Escrow Agreement and the Indenture, or (iii) questions the tax-exempt status of interest on the Series B Series B 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, this Lease Agreement and the Escrow Agreement.

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

(c) *Enforceability.* The Site and Facility Lease, this Lease Agreement and the Escrow 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, this Lease Agreement and the Escrow 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, this Lease Agreement and the Escrow 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, this Lease Agreement and the Escrow 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, this Lease Agreement and the Escrow 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 Series B 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, this Lease Agreement and the Escrow 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, the Escrow Agreement or the Indenture, or the financial condition, assets, properties or operations of the City.

ARTICLE III

ISSUANCE OF SERIES B BONDS

Section 3.1. The Series B Bonds. The Authority has authorized the issuance of the Series B Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars (\$_____). The Authority agrees that the proceeds of sale of the Series B Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture. 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 Series B Bonds by the Authority thereunder.

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, 2031, or such earlier date on which the Series B Bonds shall no longer be Outstanding under the Indenture. If, on August 1, 2031, 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, 2041.

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 a portion of the Property in the respective amounts specified in Exhibit C hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. 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 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 Series B 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 Series B 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. No Prepayment Option. The Lease Payments are not subject to optional prepayment by the City.

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 Series B Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bond Limitation*. The City shall assure that proceeds of the Series B Series B Bonds are not so used as to cause the Series B Series B 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 Series B Series B 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 Series B Series B 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 Series B Series B 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 Series B Series B Bonds to be “arbitrage Series B 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 Series B Series B Bonds from the gross income of the Owners of the Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds. These obligations and those in Section 7.5 shall remain valid and in effect notwithstanding payment of the Lease Payments or the Series B 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 Series B Bonds, the Indenture, the Site and Facility Lease, this Lease Agreement or the Tax Certificate relating to the Series B 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 Series B 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 Series B 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 Series B Bonds or any of the documents relating to the Series B Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure

document for the Series B 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 Series B Bonds, or allegations that interest on the Series B Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this 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 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 Series B Bonds to become included in gross income of the Owners of the Series B 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 Series B Bonds; and

(ix) The City shall provide notice of such substitution to any rating agency then rating the Series B 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 to substitute;

(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 Series B Bonds; and

(viii) The City shall provide notice of such substitution to any rating agency then rating the Series B 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 Series B 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 Series B 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 Series B Bonds then outstanding; and

(iv) The City shall provide notice of such release to any rating agency then rating the Series B 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 Series B Bonds, or (b) without the consent of any of the Series B 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 Series B 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 Series B Bonds of interest on the Series B 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 nondefaulting 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 nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting 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 Series B 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 Series B 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
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the City: City of Long Beach
Department of Financial Management
333 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Fax: (562) 570-5836

If to the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th 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 Series B 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 Series B 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 Series B 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: _____
David S. Nakamoto,
Treasurer/Auditor

CITY OF LONG BEACH

By: _____
David S. Nakamoto,
City Treasurer

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF PARCEL 1, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 19075, FILED IN BOOK 208 PAGES 90 AND 91 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 0 DEGREE 11 MINUTES 45 SECONDS EAST 355.56 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 141.56 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 20.00 FEET; THENCE SOUTH 0 DEGREE 12 MINUTES 27 SECONDS WEST 129.07 FEET TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 19075; THENCE ALONG SAID PROLONGATION TO AND ALONG SAID NORTHERLY LINE, SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 395.57 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE ALONG THE MOST EASTERLY LINE OF SAID PARCEL 1 NORTH 0 DEGREE 10 MINUTES 55 SECONDS EAST 341.59 FEET TO A POINT SAID POINT BEING DISTANCE THEREON SOUTH 0 DEGREE 10 MINUTES 55 SECONDS WEST 63.00 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE NORTH 89 DEGREES 49 MINUTES 05 SECONDS WEST 415.47 FEET TO A LINE THAT IS PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1 AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 0 DEGREE 11 MINUTES 45 SECONDS WEST 212.51 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN LOT 1 OF TRACT NO. 16183, ALL OIL, GAS, HYDROCARBON SUBSTANCES, AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID PROPERTY, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID PROPERTY LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR ANY PRODUCTION OF OIL, GAS HYDROCARBON SUBSTANCES, OR MINERALS FROM SAID PROPERTY OR OTHER LANDS, BUT WITHOUT HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSES WHATSOEVER, TO THE EXTENT RESERVED BY THE PARTIES NAMED IN DEEDS, LEASES AND OTHER DOCUMENTS OF RECORD; PROVIDED FURTHER, HOWEVER, THAT ANY SUCH DRILLING AND USE SHALL NOT ADVERSELY AFFECT THE STRUCTURAL SUPPORT OF THE IMPROVEMENTS CONSTRUCTED THEREON AS RESERVED IN THE DEED RECORDED SEPTEMBER 13, 1982 AS INSTRUMENT NO. 82-924162, OFFICIAL RECORDS.

SAID LAND IS SHOWN AS PARCEL 1 ON WAIVED PARCEL MAP NO. 9102-22 AS SAID MAP IS ATTACHED TO THAT CERTAIN GRANT OF CERTIFICATE OF COMPLIANCE RECORDED JULY 19, 1991 AS INSTRUMENT NO. 91-1114901.

EXHIBIT B

DESCRIPTION OF THE FACILITY

Health Administration Building. The Health Administration Building, located at 2525 Grand Avenue, was remodeled and occupied by the City's Health Department in 1993. The building is 57,350 square feet. The building provides office space for approximately 250 City employees providing various health services. These services include Occupational Health, Support Services, Environmental Health (Vector Control, Hazardous Material, Food Inspections), Human & Social Services (Rehabilitation Services, Homeless Services), Preventive Health (STD Clinical Services, Epidemiology, Vital Statistics), Public Health (Tobacco Education/Health Program, Laboratory Services), Nursing Services, Maternal & Adolescent Health Program, Nutrition Services, WIC Program, and Travel Immunizations.

EXHIBIT C

SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
1/15/19			
7/15/19			
1/15/20			
7/15/20			
1/15/21			
7/15/21			
1/15/22			
7/15/22			
1/15/23			
7/15/23			
1/15/24			
7/15/24			
1/15/25			
7/15/25			
1/15/26			
7/15/26			
1/15/27			
7/15/27			
1/15/28			
7/15/28			
1/15/29			
7/15/29			
1/15/30			
7/15/30			
1/15/31			
7/15/31			
TOTAL	<u> </u>	<u> </u>	<u> </u>

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
San Francisco, CA 94105-2874
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.

MEMORANDUM OF LEASE AGREEMENT

This MEMORANDUM OF LEASE AGREEMENT (this “Memorandum of Lease Agreement”), is entered into as of May 1, 2019, by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California (the “Authority”), and 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 of California, as lessee (the “City”), who agree as follows:

Section 1. The Lease. The City leases from the Authority and the Authority leases to the City, certain real property described in Section 2 hereof, and the improvements situated and to be situated upon said real property, upon the terms and conditions, and for the term, more fully set forth in the Lease Agreement, dated as of May 1, 2019, by and between the Authority, as lessor, and the City, as lessee (the “Lease Agreement”), all of the provisions of which are hereby incorporated into this Memorandum of Lease Agreement by reference.

Section 2. Leased Premises; Term. The Authority leases, lets and demises unto the City and the City leases, hires and takes from the Authority, 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 the Energy Resources Administration Building, located at 2400 East Spring Street thereon, more particularly described in Exhibit B attached hereto and made a part hereof (the “Facility” and, together with the Site, the “Property”). The Lease Agreement is for a term commencing on the date of recordation of this Memorandum of Lease Agreement and ending on August 1, ____, or such earlier date on which the Lease Payments (as defined in the Lease Agreement) are paid in full or provision has been made for such payment in accordance with the Lease Agreement.

Section 3. Assignment of Authority’s Rights Under Lease Agreement. Pursuant to the Indenture of Trust, dated as of May 1, 2019, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and evidenced by a memorandum of assignment of lease, dated as of May 1, 2019, and recorded concurrently herewith, the Authority has agreed to assign and transfer to the Trustee certain of its rights under the Lease Agreement, and in consideration of such assignment the Authority has agreed to issue and the Trustee has

agreed to authenticate and deliver \$_____ aggregate principal amount of the Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Public Parking Project).

Section 4. Provisions Binding on Successors and Assigns. Subject to the provisions of the Lease Agreement relating to assignment and subletting, the 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 5. Purpose of Memorandum. This Memorandum of Lease Agreement is prepared for the purpose of recordation and it in no way modifies the provisions of the Lease Agreement.

Section 6. Execution. This Memorandum of 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.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Authority has caused this Memorandum of Lease Agreement to be executed in its corporate name by its duly Authorized Representative; and the City has caused this Memorandum of 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: _____
David S. Nakamoto,
Treasurer / Auditor

CITY OF LONG BEACH, CALIFORNIA

By: _____
David S. Nakamoto
City Treasurer

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF FARM LOT 45 OF THE AMERICAN COLONY TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 89 AND 90 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHWESTERLY AND SOUTHERLY AND EASTERLY OF A LINE DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED SEPTEMBER 23, 1960 AS INSTRUMENT NO. 1723, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID FARM LOT 45; THENCE

(1) ALONG THE SOUTHERLY LINE OF SAID LOT SOUTH 89 DEGREES 50' 16" WEST, 40.00 FEET TO A POINT HEREIN DESCRIBED POINT "G"; THENCE

(2) CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89 DEGREES 50' 16" WEST, 107.95 FEET; THENCE

(3) NORTH 59 DEGREES 21' 12" WEST, 234.05 FEET; THENCE

(4) NORTH 3 DEGREES 48' 51" WEST, 75.16 FEET; THENCE

(5) NORTH 51 DEGREES 20' 25" WEST, 32.02 FEET; THENCE

(6) NORTH 90 DEGREES 00' 00" WEST, 120.00 FEET; THENCE

(7) NORTH 54 DEGREES 51' 57" WEST, 165.08 FEET; THENCE

(8) NORTH 51 DEGREES 57' 10" WEST, 146.03 FEET; THENCE

(9) NORTH 59 DEGREES 26' 56" WEST, 408.94 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH THE SOUTHERLY 50.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF SPRING STREET, 60 FEET WIDE, AS SHOWN ON SAID MAP OF AMERICAN COLONY TRACT, SAID LAST MENTIONED POINT HEREIN DESIGNATED POINT "H"; THENCE

(10) ALONG SAID PARALLEL LINE SOUTH 89 DEGREES 50' 45" WEST, 157.06 FEET TO A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET; THENCE

(11) ALONG SAID LAST MENTIONED CURVE SOUTHWESTERLY, THROUGH AN ANGLE OF 90 DEGREES 06' 04", AN ARC DISTANCE OF 47.18 FEET TO A TANGENT LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY, 32.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF JUNIPERO AVENUE, 60 FEET WIDE, (FORMERLY KNOWN AS VINE AVENUE); THENCE

(12) ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH 0 DEGREE 15' 19" EAST, 219.89 FEET; THENCE

(13) SOUTH 89 DEGREES 44' 41" WEST, 32.00 FEET TO SAID CENTER LINE OF JUNIPERO AVENUE

EXHIBIT B

DESCRIPTION OF THE FACILITY

Energy Resources Administration Building. The Energy Resources Administration Building, located at 2400 East Spring Street, was built in 1970. It is the headquarters for the City's Gas & Oil Department (formerly Long Beach Energy). The main office building is 22,244 square feet and provides office space to primarily the City's Gas functions for the following services Business Operations (accounting, payroll and oversight of gas warehouse), Gas Supply (gas purchases), Engineering, Gas Construction, Gas Customer Service (turning gas pilots on/off, installation of new gas meters, and gas pipeline maintenance), and Safety Division (occupational safety). The building also houses an auditorium used by various departments for training purposes and other functions. The Gas section's warehouse is located on the same parcel near this building. The Executive Director's Office, which manages the City's gas and oil operations are located in this building; however, most of the Oil operations are housed at other locations.

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
San Francisco, CA 94105-2874
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.

MEMORANDUM OF LEASE AGREEMENT

This MEMORANDUM OF LEASE AGREEMENT (this “Memorandum of Lease Agreement”), is entered into as of May 1, 2019, by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers agency organized and existing under and by virtue of the laws of the State of California (the “Authority”), and 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 of California, as lessee (the “City”), who agree as follows:

Section 1. The Lease. The City leases from the Authority and the Authority leases to the City, certain real property described in Section 2 hereof, and the improvements situated and to be situated upon said real property, upon the terms and conditions, and for the term, more fully set forth in the Lease Agreement, dated as of May 1, 2019, by and between the Authority, as lessor, and the City, as lessee (the “Lease Agreement”), all of the provisions of which are hereby incorporated into this Memorandum of Lease Agreement by reference.

Section 2. Leased Premises; Term. The Authority leases, lets and demises unto the City and the City leases, hires and takes from the Authority, 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, together with the Site, the “Property”). The Lease Agreement is for a term commencing on the date of recordation of this Memorandum of Lease Agreement and ending on August 1, 2031, or such earlier date on which the Lease Payments (as defined in the Lease Agreement) are paid in full or provision has been made for such payment in accordance with the Lease Agreement.

Section 3. Assignment of Authority’s Rights Under Lease Agreement. Pursuant to the Indenture of Trust, dated as of May 1, 2019, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and evidenced by a memorandum of assignment of lease, dated as of May 1, 2019, and recorded concurrently herewith, the Authority has agreed to assign and transfer to the Trustee certain of its rights under the Lease Agreement, and in consideration of such assignment the Authority has agreed to issue and the Trustee has

agreed to authenticate and deliver \$_____ aggregate principal amount of the Finance Authority of Long Beach Lease Revenue Series B Bonds, Series 2018 (Open Space Refinancing Project).

Section 4. Provisions Binding on Successors and Assigns. Subject to the provisions of the Lease Agreement relating to assignment and subletting, the 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 5. Purpose of Memorandum. This Memorandum of Lease Agreement is prepared for the purpose of recordation and it in no way modifies the provisions of the Lease Agreement.

Section 6. Execution. This Memorandum of 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.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Authority has caused this Memorandum of Lease Agreement to be executed in its corporate name by its duly Authorized Representative; and the City has caused this Memorandum of 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: _____
David S. Nakamoto,
Treasurer / Auditor

CITY OF LONG BEACH, CALIFORNIA

By: _____
David S. Nakamoto
City Treasurer

EXHIBIT A

DESCRIPTION OF THE SITE

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

THAT PORTION OF PARCEL 1, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 19075, FILED IN BOOK 208 PAGES 90 AND 91 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 0 DEGREE 11 MINUTES 45 SECONDS EAST 355.56 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 141.56 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 20.00 FEET; THENCE SOUTH 0 DEGREE 12 MINUTES 27 SECONDS WEST 129.07 FEET TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 19075; THENCE ALONG SAID PROLONGATION TO AND ALONG SAID NORTHERLY LINE, SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 395.57 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE ALONG THE MOST EASTERLY LINE OF SAID PARCEL 1 NORTH 0 DEGREE 10 MINUTES 55 SECONDS EAST 341.59 FEET TO A POINT SAID POINT BEING DISTANCE THEREON SOUTH 0 DEGREE 10 MINUTES 55 SECONDS WEST 63.00 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE NORTH 89 DEGREES 49 MINUTES 05 SECONDS WEST 415.47 FEET TO A LINE THAT IS PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1 AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 0 DEGREE 11 MINUTES 45 SECONDS WEST 212.51 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN LOT 1 OF TRACT NO. 16183, ALL OIL, GAS, HYDROCARBON SUBSTANCES, AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID PROPERTY, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID PROPERTY LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR ANY PRODUCTION OF OIL, GAS HYDROCARBON SUBSTANCES, OR MINERALS FROM SAID PROPERTY OR OTHER LANDS, BUT WITHOUT HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSES WHATSOEVER, TO THE EXTENT RESERVED BY THE PARTIES NAMED IN DEEDS, LEASES AND OTHER DOCUMENTS OF RECORD; PROVIDED FURTHER, HOWEVER, THAT ANY SUCH DRILLING AND USE SHALL NOT ADVERSELY AFFECT THE STRUCTURAL SUPPORT OF THE IMPROVEMENTS CONSTRUCTED THEREON AS RESERVED IN THE DEED RECORDED SEPTEMBER 13, 1982 AS INSTRUMENT NO. 82-924162, OFFICIAL RECORDS.

SAID LAND IS SHOWN AS PARCEL 1 ON WAIVED PARCEL MAP NO. 9102-22 AS SAID MAP IS ATTACHED TO THAT CERTAIN GRANT OF CERTIFICATE OF COMPLIANCE RECORDED JULY 19, 1991 AS INSTRUMENT NO. 91-1114901.

EXHIBIT B

DESCRIPTION OF THE FACILITY

Health Administration Building. The Health Administration Building, located at 2525 Grand Avenue, was remodeled and occupied by the City's Health Department in 1993. The building is 57,350 square feet. The building provides office space for approximately 250 City employees providing various health services. These services include Occupational Health, Support Services, Environmental Health (Vector Control, Hazardous Material, Food Inspections), Human & Social Services (Rehabilitation Services, Homeless Services), Preventive Health (STD Clinical Services, Epidemiology, Vital Statistics), Public Health (Tobacco Education/Health Program, Laboratory Services), Nursing Services, Maternal & Adolescent Health Program, Nutrition Services, WIC Program, and Travel Immunizations.

ESCROW AGREEMENT

Dated May 8, 2019

by and between the

CITY OF LONG BEACH

and

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

Relating to the Refunding of the outstanding
Long Beach Bond Finance Authority
Lease Revenue Bonds, 2006 Series B
(Parks/Open Space Financing Project)

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Escrow Agreement") is dated this 10th day of April, 2019, by and between the CITY OF LONG BEACH, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as escrow bank and as 2006 Trustee (as defined herein)(the "Escrow Bank");

WITNESSETH:

WHEREAS, the Long Beach Bond Finance Authority (the "BFA") has heretofore issued its Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project), in the original principal amount of \$24,320,000, of which \$16,370,000 is currently outstanding (the "2006 Bonds"), the proceeds of which were used to finance the costs of the acquisition, construction, installation and equipping of certain municipal improvements;

WHEREAS, the 2006 Bonds were issued pursuant to the terms of an Indenture, dated as of November 1, 2006 (the "2006 Indenture"), by and between the BFA and U.S. Bank National Association, as trustee (the "2006 Trustee");

WHEREAS, in order to provide for the repayment of the 2006 Bonds, the BFA leased certain property to the City pursuant to a lease agreement, dated as of November 1, 2006 (the "2006 Lease"), under which the City agreed to make lease payments to the BFA (the "2006 Lease Payments") in sufficient amounts in each year to pay the full amount of principal of and interest on the 2006 Bonds;

WHEREAS, the City has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the City at this time to refinance the City's obligation to make the 2006 Lease Payments and, as a result thereof, to provide for the redemption of all outstanding 2006 Bonds on May 20, 2019, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, and to that end, the City proposes to enter into a lease agreement, dated as of May 1, 2019, by and between the Finance Authority of Long beach (the "Authority") and the City;

WHEREAS, the City proposes to provide for the payments described above and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to provide for the prepayment of the 2006 Lease Payments in accordance with the instructions provided by this Escrow Agreement and of applying said 2006 Lease Payments to the redemption of the 2006 Bonds and the Escrow Bank desires to accept said appointment;

WHEREAS, the City wishes to provide for the payment described above and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited;

WHEREAS, the Authority has agreed to issue its \$_____ Long Beach Finance Authority Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project) (the "Series B Bonds"), pursuant to the terms of an indenture, dated as May 1, 2019 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee thereunder (the "Trustee"), and has determined to use a portion of the proceeds of the Series B

Bonds to provide for the redemption of the outstanding 2006 Bonds in full on April 29, 2019 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price"); and

WHEREAS, the Escrow Bank has full powers to act with respect to the escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, herein, shall have the meanings ascribed thereto in the 2006 Indenture.

Section 2. Appointment of Escrow Bank. The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the City with, and to be held by, the Escrow Bank as security for the payment of the 2006 Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the City and for the benefit of the owners of the 2006 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall be held as a special fund for the payment of the principal and interest with respect to the 2006 Bonds in accordance with the provisions of this Escrow Agreement. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the City of such fact and the City shall immediately cure such deficiency. The Escrow Bank shall not be responsible for any such deficiency.

Section 4. Deposit into Escrow Fund; Investment of Amounts.

(a) Concurrently with delivery of the Series B Bonds, the City shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$_____, in immediately available funds, derived from the proceeds of the sale of the Series B Bonds.

(b) All moneys deposited in the Escrow Fund shall be held by the Escrow Bank in cash, uninvested and applied solely for the uses and purposes set forth herein.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after redemption in full of the 2006 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be transferred to the Trustee to be applied to the payment of debt service on the Series B Bonds.

Section 5. Instructions as to Application of Deposit.

(a) The moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purpose of redeeming the outstanding 2006 Bonds in full on the Redemption Date at the Redemption Price, as set forth in Exhibit A attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as 2006 Trustee, has been previously requested, and the Escrow Bank, in its capacity as 2006 Trustee, agreed to give notice of the redemption of the 2006 Bonds on the Redemption Date in accordance with the applicable provisions of the 2006 Indenture.

(c) The Escrow Bank, in its capacity as 2006 Trustee, is hereby requested to give notice of the defeasance of the 2006 Bonds in accordance with the applicable provisions of the 2006 Indenture and the notice attached hereto as Exhibit B.

Section 6. Application of 2006 Series B Bond Moneys. Any amounts remaining on deposit in any fund or account established under the 2006 Indenture for the 2006 Bonds, including any investment earnings received after the date of original delivery of the Lease Agreement, shall be transferred by the Escrow Bank to the Trustee and applied as a credit against payments of principal and interest with respect to the Series B Bonds.

Section 6. Compensation to Escrow Bank. The City shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement. The Escrow Bank shall have the same rights and protections hereunder as afforded to it as 2006 Trustee under Article IX of the 2006 Indenture.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the purposes set forth in Section 5 hereof, or any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the purposes set forth in Section 5 hereof or to the validity of this Escrow Agreement as to the City and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Bank. The Escrow Bank may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith.

Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the City.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" means mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Escrow Bank 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 whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the City 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. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank 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 Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (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 Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the City, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective directors, officers, employees, successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

Section 8. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2006 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2006 Bonds or the Series B Bonds, and that such amendment will not cause interest on the 2006 Bonds or the Series B Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the City to each rating agency then rating the 2006 Bonds.

Section 9. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2006 Bonds.

Section 10. Notice of Escrow Bank and City. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as 2006 Trustee in accordance with the provisions of the 2006 Indenture. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2006 Lease (or such other address as may have been filed in writing by the City with the Escrow Bank).

Section 11. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its

corporate trust business, provided such company shall be eligible to act as trustee under the 2006 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

[Remainder of this page is intentionally left blank]

Section 15. Governing Law. This Escrow Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the City and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF LONG BEACH, CALIFORNIA

By: _____
David S. Nakamoto
City Treasurer

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank and 2006 Trustee

By _____
Ilse Vlach
Vice President

EXHIBIT A

REDEMPTION SCHEDULE

<u>Date</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
05/20/19	—	\$15,020,000		—	

EXHIBIT B

DEFEASANCE NOTICE Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project)

Maturity Date	Amount Defeased	Interest Rate	CUSIP Number
5/1/20	\$1,405,000	4.000	542402 JZ6
5/1/21	1,465,000	4.125	542402 KA9
5/1/22	1,525,000	4.200	542402 KB7
5/1/23	1,585,000	4.250	542402 KC5
5/1/26	5,215,000	5.000	542402 KD3
5/1/31	3,825,000	4.500	542402 KE1

NOTICE IS HEREBY GIVEN, on behalf of the City of Long Beach (the "City") to the owners of the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project), described above (the "Bonds"), that pursuant to the indenture authorizing the issuance of the Bonds (the "Indenture"), the lien of the Indenture with respect to the Bonds has been discharged through the irrevocable deposit of cash in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated May 8, 2019, by and between the City and U.S. Bank National Association, as escrow bank (the "Escrow Bank"). As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Indenture. The pledge of the funds provided for under the Indenture and all other obligations of the Long Beach Bond Finance Authority and the City to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the Bonds as described below.

The cash deposited in the Escrow Fund has been calculated to provide sufficient moneys to pay redeem the outstanding Bonds in full on May 20, 2019 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: _____, 2019

U.S. BANK NATIONAL
ASSOCIATION, as Trustee

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.

TERMINATION AGREEMENT

Dated May 8, 2019

by and among the

CITY OF LONG BEACH,

the

LONG BEACH BOND FINANCE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Relating to the
Long Beach Bond Finance Authority
Lease Revenue Bonds, 2006 Series B
(Parks/Open Space Financing Project)

TERMINATION AGREEMENT

This TERMINATION AGREEMENT is made and entered into this 10th day of April, 2019, by and among the CITY OF LONG BEACH (the "City"), the LONG BEACH BOND FINANCE AUTHORITY (the "Authority") and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "2006 Trustee").

WITNESSETH:

WHEREAS, the Authority has heretofore issued its Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project), in the original principal amount of \$24,320,000, of which \$16,370,000 is currently outstanding (the "2006 Bonds"), the proceeds of which were used to finance the costs of the acquisition, construction, installation and equipping of certain municipal improvements;

WHEREAS, the 2006 Bonds were issued pursuant to the terms of an Indenture, dated as of November 1, 2006 (the "2006 Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "2006 Trustee");

WHEREAS, in order to provide for the repayment of the 2006 Bonds, the Authority leased certain property to the City pursuant to a lease agreement, dated as of November 1, 2006 (the "2006 Lease"), under which the City agreed to make lease payments to the Authority (the "2006 Lease Payments") in sufficient amounts in each year to pay the full amount of principal of and interest on the 2006 Bonds;

WHEREAS, the City has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the City at this time to refinance the City's obligation to make the 2006 Lease Payments and, as a result thereof, to provide for the redemption of all outstanding 2006 Bonds on May 20, 2019, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, and to that end, the City proposes to enter into a lease agreement, dated as of May 1, 2019, by and between the Finance Authority of Long beach (the "Authority") and the City;

WHEREAS, the 2006 Lease Agreement provides that in the event that the City deposits, or causes the deposit on its behalf of moneys for the prepayment of the 2006 Lease Payments, then all of the obligations of the City under the 2006 Lease Agreement and all of the security provided by the City for such obligations, excepting only the obligation of the City to make the 2006 Lease Payments from said deposit, shall cease and terminate, and unencumbered title to the 2006 Project shall be vested in the City without further action by the City or the Authority;

WHEREAS, to obtain moneys to make such deposit, the Finance Authority of Long Beach (the "Finance Authority") has agreed to issue its \$_____ Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (the "Series B Bonds"), pursuant to the terms of an indenture, dated as of May 1, 2019 (the "Indenture"), by and between the Finance Authority and U.S. Bank National Association, as trustee thereunder;

WHEREAS, upon delivery of the Series B Bonds and deposit of a portion of the proceeds for prepayment of the 2006 Lease Payments, the 2006 Lease Agreement and the agreements related thereto need not be maintained (except as otherwise provided below), and the parties hereto now desire to provide for the termination of such documents as provided herein.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree:

Section 1. Termination.

(a) By virtue of the deposit of a portion of the proceeds of the Series B Bonds for prepayment of the 2006 Lease Payments, all obligations of the City under the 2006 Lease Agreement shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all payments from such deposit and title to the 2006 Project shall vest in the City automatically and without further action by the City or the Authority. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the prepayment of the 2006 Lease Payments.

(b) In accordance with the foregoing, the following agreements are hereby terminated and are of no further force or effect (except with respect to the Site and Facility Lease, dated as of November 1, 2006, by and between the City and the Authority (the "Site and Facility Lease"), which shall automatically terminate ten (10) days after the prepayment of the 2006 Lease Payments pursuant to Section 3.03(a) of the 2006 Lease and Section 2 of the Site and Facility Lease):

1. Site and Facility Lease, recorded on November 6, 2006, as Document No. 06-2456272, Official Records of Los Angeles County;

2. 2006 Lease, recorded by memorandum on November 6, 2006, as Document No. 06-2456273, Official Records of Los Angeles County; and

3. Memorandum of Assignment, dated as of November 1, 2006, recorded by memorandum, on November 6, 2006, as Document No. 06-2456274, Official Records of Los Angeles County.

(c) That from and after the date hereof, none of the parties shall have any further rights or obligations thereunder, except such rights and obligations under the 2006 Lease that, by their terms, survive, but do not affect real property.

Section 2. Execution in Counterparts. This Termination 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 3. Governing Law. This Termination Agreement shall be governed by the laws of the State of California.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Termination Agreement.

CITY OF LONG BEACH, CALIFORNIA

By: _____
David S. Nakamoto
City Treasurer

LONG BEACH BOND FINANCE AUTHORITY

By _____
David S. Nakamoto
Treasurer

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Ilse Vlach
Vice President

NOTARY ACKNOWLEDGMENTS TO BE INSERTED

EXHIBIT A

DESCRIPTION OF THE SITE

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

Health Administration Building Site

THAT PORTION OF PARCEL 1, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 19075, FILED IN BOOK 208 PAGES 90 AND 91 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 1, NORTH 0 DEGREE 11 MINUTES 45 SECONDS EAST 355.56 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 141.56 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 20.00 FEET; THENCE SOUTH 0 DEGREE 12 MINUTES 27 SECONDS WEST 129.07 FEET TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 19075; THENCE ALONG SAID PROLONGATION TO AND ALONG SAID NORTHERLY LINE, SOUTH 89 DEGREES 49 MINUTES 05 SECONDS EAST 395.57 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE ALONG THE MOST EASTERLY LINE OF SAID PARCEL 1 NORTH 0 DEGREE 10 MINUTES 55 SECONDS EAST 341.59 FEET TO A POINT SAID POINT BEING DISTANCE THEREON SOUTH 0 DEGREE 10 MINUTES 55 SECONDS WEST 63.00 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE NORTH 89 DEGREES 49 MINUTES 05 SECONDS WEST 415.47 FEET TO A LINE THAT IS PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1 AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 0 DEGREE 11 MINUTES 45 SECONDS WEST 212.51 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING WITHIN LOT 1 OF TRACT NO. 16183, ALL OIL, GAS, HYDROCARBON SUBSTANCES, AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID PROPERTY, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID PROPERTY LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR ANY PRODUCTION OF OIL, GAS HYDROCARBON SUBSTANCES, OR MINERALS FROM SAID PROPERTY OR OTHER LANDS, BUT WITHOUT HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSES WHATSOEVER, TO THE EXTENT RESERVED BY THE PARTIES NAMED IN DEEDS, LEASES AND OTHER DOCUMENTS OF RECORD; PROVIDED FURTHER, HOWEVER, THAT ANY SUCH DRILLING AND USE SHALL NOT ADVERSELY AFFECT THE STRUCTURAL SUPPORT OF THE IMPROVEMENTS CONSTRUCTED THEREON AS RESERVED IN THE DEED RECORDED SEPTEMBER 13, 1982 AS INSTRUMENT NO. 82-924162, OFFICIAL RECORDS.

SAID LAND IS SHOWN AS PARCEL 1 ON WAIVED PARCEL MAP NO. 9102-22 AS SAID MAP IS ATTACHED TO THAT CERTAIN GRANT OF CERTIFICATE OF COMPLIANCE RECORDED JULY 19, 1991 AS INSTRUMENT NO. 91-1114901.

General Office Building Site

THAT PORTION OF FARM LOT 45 OF THE AMERICAN COLONY TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 89 AND 90 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHWESTERLY AND SOUTHERLY AND EASTERLY OF A

LINE DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED SEPTEMBER 23, 1960 AS INSTRUMENT NO. 1723, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID FARM LOT 45; THENCE

(1) ALONG THE SOUTHERLY LINE OF SAID LOT SOUTH 89 DEGREES 50' 16" WEST, 40.00 FEET TO A POINT HEREIN DESCRIBED POINT "G"; THENCE

(2) CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89 DEGREES 50' 16" WEST, 107.95 FEET; THENCE

(3) NORTH 59 DEGREES 21' 12" WEST, 234.05 FEET; THENCE

(4) NORTH 3 DEGREES 48' 51" WEST, 75.16 FEET; THENCE

(5) NORTH 51 DEGREES 20' 25" WEST, 32.02 FEET; THENCE

(6) NORTH 90 DEGREES 00' 00" WEST, 120.00 FEET; THENCE

(7) NORTH 54 DEGREES 51' 57" WEST, 165.08 FEET; THENCE

(8) NORTH 51 DEGREES 57' 10" WEST, 146.03 FEET; THENCE

(9) NORTH 59 DEGREES 26' 56" WEST, 408.94 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH THE SOUTHERLY 50.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF SPRING STREET, 60 FEET WIDE, AS SHOWN ON SAID MAP OF AMERICAN COLONY TRACT, SAID LAST MENTIONED POINT HEREIN DESIGNATED POINT "H"; THENCE

(10) ALONG SAID PARALLEL LINE SOUTH 89 DEGREES 50' 45" WEST, 157.06 FEET TO A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 30.00 FEET; THENCE

(11) ALONG SAID LAST MENTIONED CURVE SOUTHWESTERLY, THROUGH AN ANGLE OF 90 DEGREES 06' 04", AN ARC DISTANCE OF 47.18 FEET TO A TANGENT LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY, 32.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF JUNIPERO AVENUE, 60 FEET WIDE, (FORMERLY KNOWN AS VINE AVENUE); THENCE

(12) ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH 0 DEGREE 15' 19" EAST, 219.89 FEET; THENCE

(13) SOUTH 89 DEGREES 44' 41" WEST, 32.00 FEET TO SAID CENTER LINE OF JUNIPERO AVENUE

North Long Beach Police Substation Site

PART A:

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.

PART B:

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.

REDEMPTION REQUEST

April __, 2019

U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Ms. Ilse Vlach, Vice President

Re: Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project)

Ladies and Gentlemen:

As trustee (the "Trustee") with respect to the above-captioned bonds (the "2006 Bonds"), you are hereby notified of the election of the City of Long Beach (the "City"), to redeem, on May 20, 2019, all outstanding 2006 Bonds at the prices shown on the attached Exhibit A, plus accrued interest to the date fixed for redemption.

The City intends to fund the redemption of the 2006 Bonds from a portion of the proceeds of the Financing Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (the "2019 Series B Bonds") which were sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated on April 17, 2019, and which are expected to close on May 8, 2019.

You are hereby instructed to provide, no later than April 20, 2019, conditional notice of redemption of the 2006 Bonds, substantially in the form attached hereto as Exhibit A. Please note that the redemption of the 2006 Bonds is conditional upon the receipt of the proceeds of the 2019 Series B Bonds.

In connection with your acting on the instruction of the City to provide a rescindable notice to redeem the 2006 Bonds, the City agrees to reimburse the Trustee for all out-of-pocket costs and expenses incurred by the Trustee related to or arising from any rescission of the notice of redemption and further agrees to indemnify and hold harmless the Trustee, its officers, directors, employees and agents from and against any claims, losses, damages, costs, liabilities, expenses or attorney's fees resulting from the fact that the notice of redemption of the 2006 Bonds states that the redemption date is conditional upon receipt of the proceeds of the 2019 Series B Bonds, or the rescinding of the notice of redemption of the 2006 Bonds by the Trustee upon instruction from the City.

Please acknowledge this letter by signing the acknowledgment block below and returning a copy of the letter to us.

CITY OF LONG BEACH, CALIFORNIA

By: _____
David S. Nakamoto
City Treasurer

ACKNOWLEDGED:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Ilse Vlach
Vice President

EXHIBIT A

CONDITIONAL NOTICE OF REDEMPTION OF

**Long Beach Bond Finance Authority
Lease Revenue Bonds, 2006 Series B
(Parks/Open Space Financing Project)**

Issue Date	Maturity Date	Amount Called	Redemption Premium	Redemption Price (1)	Interest Rate	CUSIP Number
11/7/06	5/1/20	\$1,405,000	—	\$1,405,000	4.000%	542402 JZ6
11/7/06	5/1/21	1,465,000	—	1,465,000	4.125	542402 KA9
11/7/06	5/1/22	1,525,000	—	1,525,000	4.200	542402 KB7
11/7/06	5/1/23	1,585,000	—	1,585,000	4.250	542402 KC5
11/7/06	5/1/26	5,215,000	—	5,215,000	5.000	542402 KD3
11/7/06	5/1/31	3,825,000	—	3,825,000	4.500	542402 KE1

(1) Accrued interest to be added.

CONDITIONAL NOTICE is hereby given that the City of Long Beach has called for redemption on May 20, 2019, (the "Redemption Date"), the outstanding bonds described above (the "Series B Bonds") at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price"). The Series B Bonds being conditionally called for redemption on the Redemption Date subject to the provisions of the succeeding paragraph of this notice, and pursuant to the provisions of the governing documents of the Series B Bonds.

The Conditional Notice of Redemption, and the payment of the Redemption Price on the Redemption Date, is subject to the receipt of funds in an amount sufficient to pay in full the specified Redemption Price of all of the Series B Bonds on or before the Redemption Date, resulting from a financing to be accomplished by the Financing Authority of Long Beach, expected to be funded on or about May 8, 2019.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Series B Bonds delivered for redemption shall be returned to the respective owners thereof and said Series B Bonds shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered holders of the Series B Bonds.

Payment of principal will be made upon presentation on and after the Redemption Date at the following addresses:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E.
St Paul, MN 55107

Owners of Series B Bonds presenting their Series B Bonds in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the owner by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the owner of a Certificate, such owner is not required to endorse the Certificate to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "Act") 28% of the Redemption Price will be withheld if a tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the City nor U.S. Bank National Association, the trustee, shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the owners.

Dated: April __, 2019

U.S. BANK NATIONAL
ASSOCIATION, as Trustee