

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802

RESOLUTION NO. RES-20-0054

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A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE FROM TIME TO TIME BY THE BOARD OF WATER COMMISSIONERS, ON BEHALF OF THE CITY OF LONG BEACH, SECOND LIEN WATER REVENUE SHORT-TERM OBLIGATIONS ISSUED PURSUANT TO THE TERMS OF A SUBORDINATE INDENTURE AND A CREDIT AGREEMENT AND RELATED DOCUMENTS WHICH PROVIDE FOR A REVOLVING LINE OF CREDIT IN AN AMOUNT NOT TO EXCEED \$60,000,000 OUTSTANDING AT ANY TIME

WHEREAS, the City Charter (the "Charter") of the City of Long Beach (the "City") and Sections 3.52.110 through 3.52.150 of the Long Beach Municipal Code of the City (the "Municipal Code") provide a procedure for the issuance of revenue bonds by the City or by a Board of Commissioners, acting for and on behalf of the City; and

WHEREAS, Section 1725 of Article XVII of the Charter provides a procedure for the issuance of short-term revenue certificate obligations by the City or by a Board of Commissioners, acting for and on behalf of the City; and

WHEREAS, the Board of Water Commissioners of the City (the "Board"), on behalf of the City, pursuant to Section 1725 of Article XVII of the Charter, proposes to issue short-term revenue certificate obligations to be issued and incurred pursuant to the terms of the Master Subordinate Trust Indenture, dated as of October 1, 2002, as amended (the "Master Subordinate Indenture"), by and between the Board, acting on its own behalf and on behalf of the City, and U.S. Bank National Association, as trustee (the "Subordinate Trustee"), and a Fourth Supplemental Subordinate Trust Indenture (the "Fourth Supplemental Subordinate Indenture," and together with the Master Subordinate

1 Indenture, the "Subordinate Indenture"), to be executed and delivered by the Authority
2 and the Subordinate Trustee, and a credit agreement (the "Credit Agreement"), providing
3 for a revolving line of credit (the "Revolving Line of Credit"), to be executed and delivered
4 by the Board, acting on its own behalf and on behalf of the City, and J.P. Morgan Chase
5 Bank, N.A., or any affiliate thereof (the "Bank"), to be outstanding, from time to time, in an
6 amount not to exceed \$60,000,000; and

7 WHEREAS, subsequent to adoption of this resolution, the Board will adopt
8 a resolution pursuant to which the Board will approve the issuance and incurrence, from
9 time to time, of short-term revenue certificate obligations pursuant to the Subordinate
10 Indenture and the Credit Agreement in an amount not to exceed \$60,000,000 at any one
11 time outstanding;

12 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
13 follows:

14 Section 1. That the City Council, acting pursuant to Section 1725 of
15 Article XVII of the Charter and Sections 3.52.110 through 3.52.150, inclusive, of the
16 Code, does hereby approve the issuance and incurrence of short-term revenue certificate
17 obligations (the "Short-Term Obligations") pursuant to the terms of the Subordinate
18 Indenture and the Credit Agreement, by and between the Board, acting on its own behalf
19 and on behalf of the City, and the Bank, which shall provide for a Revolving Line of Credit
20 in an amount not to exceed \$60,000,000 at any one time outstanding.

21 The Short-Term Obligations and the repayment obligations under the Credit
22 Agreement will be special, limited obligations of the City, payable solely from and secured
23 by a pledge of Subordinate Net Revenues (as defined in the Master Subordinate
24 Indenture) derived by the Board from the operations of the Enterprise (as defined in the
25 Master Subordinate Indenture) and certain funds and accounts. None of the properties of
26 the Enterprise will be subject to any mortgage or other lien for the benefit of the owners of
27 the Short-Term Obligations or the Bank, and neither the full faith and credit nor the taxing
28 power of the City, the State of California (the "State") or any political subdivision or

1 agency of the State will be pledged to the payment of the principal of, premium, if any, or
2 interest on the Short-Term Obligations or the repayment obligations under the Credit
3 Agreement. Neither the Short-Term Obligations or the repayment obligations under the
4 Credit Agreement will constitute a debt of the City, the State or any of its political
5 subdivisions within the meaning of any Constitutional limitation on indebtedness. The
6 general fund of the City shall not be liable for the payment of the Short-Term Obligations
7 or the repayment obligations under the Credit Agreement or interest thereon, nor shall
8 the credit or the taxing power of the City be pledged therefore.

9 Section 2. That the City Manager, the City Treasurer, the City Clerk and
10 all other proper officers and officials of the City are hereby authorized and directed to
11 execute such other agreements, documents and certificates, and to perform such other
12 acts and deeds as may be necessary or convenient to effect the purposes of this
13 resolution.

14 Section 3. That the City Clerk is hereby authorized and directed to
15 forward to the Board, without delay, a certified copy of this resolution.

16 Section 4. This resolution shall take effect immediately upon its adoption
17 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of April 21, 2020 by the following vote:

Ayes: Councilmembers: Zendejas, Pearce, Price, Supernaw,
Mungo, Andrews, Uranga, Austin,
Richardson.

Noes: Councilmembers: None.

Absent: Councilmembers: None.

Recusal(s): Councilmembers: None.


City Clerk

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EXHIBIT "A"
FOURTH SUPPLEMENTAL SUBORDINATE INDENTURE

FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

by and between

BOARD OF WATER COMMISSIONERS OF THE CITY OF LONG BEACH

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

\$60,000,000
City of Long Beach, California
Second Lien Water Revenue Short-Term Obligations

Dated as of [•], 2020

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS; INTERPRETATIONS	
Section 1.01.	Definitions..... 2
Section 1.02.	Article and Section References 4
Section 1.03.	Content of Certificates and Opinions..... 4
ARTICLE II THE SHORT-TERM OBLIGATIONS; NOTE	
Section 2.01.	Authorized Amount of an Advance; Terms and Description of Advances and the Note 5
Section 2.02.	Payment of Short-Term Obligations..... 6
Section 2.03.	Use of Short-Term Obligation Proceeds..... 6
ARTICLE III APPLICATION OF SHORT-TERM OBLIGATION PROCEEDS	
Section 3.01.	Creation of Debt Service Fund 7
Section 3.02.	Creation of Short-Term Obligation Construction Fund..... 7
Section 3.03.	Deposit of Proceeds of Short-Term Obligations..... 7
Section 3.04.	Application of Moneys in the Short-Term Obligation Construction Fund 7
Section 3.05.	Deposits Into the Short-Term Obligation Debt Service Fund; Use of the Short-Term Obligation Debt Service Fund..... 8
Section 3.06.	Investment of Moneys in Funds and Accounts..... 9
ARTICLE IV	
PLEDGE AND PAYMENT	10
ARTICLE V TAX COVENANTS	
Section 5.01.	Short-Term Obligation Rebate Fund 11
Section 5.02.	Preservation of Tax Exemption 11
ARTICLE VI MISCELLANEOUS	
Section 6.01.	Additional Event of Default and Remedy..... 13
Section 6.02.	Modification of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture..... 13
Section 6.03.	Payment Obligations Afforded Status of Subordinate Obligations 13
Section 6.04.	[Short-Term Obligations Not Subject to Acceleration 14

Section 6.05.	Notices	14
Section 6.06.	Parties Interested Herein.....	14
Section 6.07.	Severability	15
Section 6.08.	Payments or Actions Occurring on Non-Business Days	15
Section 6.09.	Governing Law	15
Section 6.10.	Captions	15
Section 6.11.	Counterparts.....	15

**EXHIBIT A FORM OF SHORT-TERM OBLIGATION CONSTRUCTION FUND
REQUISITION**

FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

THIS FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE (this “*Fourth Supplemental Subordinate Indenture*”), dated as of [•], 2020, is made by and between the **BOARD OF WATER COMMISSIONERS OF THE CITY OF LONG BEACH**, a commission existing under the Charter of the City of Long Beach (the “*Board*”), acting on its own behalf and on behalf of the City of Long Beach, a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California (the “*City*”) and **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the “*Trustee*”), and supplements that certain Master Subordinate Trust Indenture, dated as of October 1, 2002, as amended (the “*Master Subordinate Indenture*”), by and between the Board, acting on its own behalf and on behalf of the City, and the Trustee.

WHEREAS, the Master Subordinate Indenture provides, in Section 2.09 thereof, for the issuance of Subordinate Obligations (as defined in the Master Subordinate Indenture) and, in Section 10.02 thereof, for the execution and delivery of Supplemental Subordinate Indentures (as defined in the Master Subordinate Indenture) setting forth the terms of such Subordinate Obligations; and

WHEREAS, the Board desires to implement a short-term borrowing program for the Enterprise (as defined in the Master Subordinate Indenture) pursuant to the provisions of the Master Subordinate Indenture; and

WHEREAS, the Board now, for the purpose of providing money to finance and refinance certain capital improvements to the Enterprise and for other financing needs of the Enterprise (including, but not limited to, the refunding and restructuring of existing indebtedness of the Enterprise), by execution and delivery of this Fourth Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture, sets forth the terms of its City of Long Beach, California Second Lien Water Revenue Short-Term Obligations (the “*Short-Term Obligations*”), in an aggregate authorized principal amount of not to exceed \$60,000,000 at any time outstanding, provides for the deposit and use of the proceeds of the Short-Term Obligations and makes other provisions relating to the Short-Term Obligations.

WHEREAS, the Short-Term Obligations are being issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

GRANTING CLAUSE

In order to secure the payment of the Short-Term Obligations, the Board hereby pledges, assigns and grants to the holders of the Short-Term Obligations all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere, in the Master Subordinate Indenture. Additionally, in order to secure the payment of the [Advances, the Loans, the Term Loans, the Note and the other Payment Obligations], the Board hereby pledges, assigns and grants to the Bank all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere, in the Master Subordinate Indenture.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. The following definitions shall apply to terms used in this Fourth Supplemental Subordinate Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Fourth Supplemental Subordinate Indenture shall have the same meanings as set forth in the Master Subordinate Indenture.

“*Account*” means an account established within a fund related to the issuance of an Advance.

“*Advance*” has the meaning given to such term in the Credit Agreement.

“*Authorized Amount*” means the aggregate principal amount of \$60,000,000.

“*Authorizing Resolution*” means Resolution No. WD-[•] adopted by the Board on [•], 2020.

“*Available Commitment*” has the meaning given to such term in the Credit Agreement.

“*Bank*” means [J.P. Morgan Chase Bank, N.A.], and any successors thereto.

“*Business Day*” means any day other than (a) a Saturday, Sunday or (b) a day on which banks in Long Beach, California, or New York, New York are required or authorized by law to be closed, or (c) a day on which the Bank is required or authorized by law to be closed.

“*Certificate,*” “*Statement,*” “*Request,*” “*Requisition*” and “*Order*” of the Board means, respectively, a written certificate, statement, request, requisition or order signed by an Authorized Board Representative or a Designated 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. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

“*Code*” means, collectively, the Internal Revenue Code of 1986 as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commitment Expiration Date*” has the meaning given to such term in the Credit Agreement.

“*Credit Agreement*” means the Credit Agreement, dated as of [•], 2020, by and between the Board, acting on its own behalf and on behalf of the City, and the Bank, and any and all modifications, alterations, amendments and supplements thereto.

“*Credit Agreement Event of Default*” means any event or circumstance specified in Section [•] of the Credit Agreement.

“*Default*” has the meaning given to such term in the Credit Agreement.

“*Designated Representative*” means those individuals appointed as Designated Representatives under the Authorizing Resolution and any other resolution of the Board to complete and deliver a Request for Advance and to perform other duties set forth in the Credit Agreement and this Fourth Supplemental Subordinate Indenture.

“*Effective Date*” has the meaning given to such term in the Credit Agreement.

“*Fourth Supplemental Subordinate Indenture*” means this Fourth Supplemental Subordinate Trust Indenture, dated as of [•], 2020, by and between the Board, acting on its own behalf and on behalf of the City, and the Trustee and which sets forth the terms of the Short-Term Obligations.

“*Loan*” has the meaning given to such term in the Credit Agreement.

“*Loan Maturity Date*” has the meaning given to such term in the Credit Agreement.

“*Master Subordinate Indenture*” means the Master Subordinate Trust Indenture, dated as of October 1, 2002, as amended, by and between the Board and the Trustee, as amended, under which the Short-Term Obligations are authorized and secured.

“*Maturity Date*” means, (a) with respect to any Loan, the Loan Maturity Date, and (b) with respect to any Term Loan, the Term Loan Maturity Date.

[“*New Issue*” means the issuance of a Short-Term Obligation the proceeds of which are to be used to finance the Costs of a Project and/or other financing needs of the Enterprise.]

“*Note*” has the meaning given to such term in the Credit Agreement. The Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Payment Obligations*” has the meaning given to such term in the Credit Agreement.

“*Proceeds of an Advance*” means proceeds of an Advance or any moneys, securities or other obligations that may be deemed to be proceeds of the Advance or collateral for the Advance within the meaning of the Code.

“*Project*” means any undertaking, facility or item which is described in a Certificate provided by the Board at the time of delivery of a Request for Advance and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds of Short-Term Obligations.

“*Request for Advance*” has the meaning given to such term in the Credit Agreement.

“*Short-Term Obligation Construction Fund*” means the Construction Fund of such designation established pursuant to Section 3.02 hereof and into which money is to be deposited

to pay Costs of a Project and/or for such other purposes as allowed by the Master Subordinate Indenture (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Enterprise).

“Short-Term Obligation Debt Service Fund” means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the Short-Term Obligations.

“Short-Term Obligation Rebate Fund” means the fund of such designation established in Section 5.01 hereof.

“Short-Term Obligations” means (a) a Loan, and/or (b) a Term Loan.

“Tax Certificate” means, collectively, the Tax Compliance Certificate, executed and delivered by the Board, acting on its own behalf and on behalf of the City, on or prior to the date of issuance of the initial Short-Term Obligations, and any amendments, modifications, reaffirmations or renewals thereof or any new certificate or agreement of the Board, acting on its own behalf and on behalf of the City, relating to such matters.

“Term Loan” has the meaning given to such term in the Credit Agreement.

“Term Loan Maturity Date” has the meaning given to such term in the Credit Agreement.

Section 1.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Fourth Supplemental Subordinate Indenture.

Section 1.03. Content of Certificates and Opinions. Every certificate or opinion provided for in this Fourth Supplemental Subordinate Indenture with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Board, the City or the Enterprise may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Board) upon a certificate or opinion of or representation by an officer of the Board, the City or the Enterprise, unless such

counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Board, the City or the Enterprise, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Fourth Supplemental Subordinate Indenture, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

THE SHORT-TERM OBLIGATIONS; NOTE

Section 2.01. Authorized Amount of an Advance; Terms and Description of Advances and the Note.

(a) No Short-Term Obligations may be issued under the provisions of this Fourth Supplemental Subordinate Indenture except in accordance with this Article and the Credit Agreement.

(b) The Board, acting on its own behalf and on behalf of the City, hereby authorizes the issuance and/or incurrence of its "City of Long Beach, California Second Lien Water Revenue Short-Term Obligations" in the form of Short-Term Obligations, Advances and the Note, subject to the provisions of the Credit Agreement, this Section 2.01 and as hereinafter provided. The Short-Term Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of a Project or such other purposes as allowed by the Master Subordinate Indenture. [Such authorization specifically includes the authorization to issue and/or incur Short-Term Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Short-Term Obligations provided that at no time may the aggregate principal amount of Short-Term Obligations exceed the lesser of the Authorized Amount or the Available Commitment.] The Available Commitment may be modified in accordance with the terms of the Credit Agreement, provided, however, that in no event shall the Available Commitment exceed the Authorized Amount.

(c) Prior to the issuance and/or incurrence of a Loan a properly presented and conforming Request for Advance shall be delivered to the Bank by a Designated Representative and all conditions precedent set forth in Section [•] of the Credit Agreement shall be satisfied. Prior to the issuance and/or incurrence of a Term Loan the Board shall comply with the provisions of Section [•] of the Credit Agreement, including the conditions precedent set forth in Section [•] of the Credit Agreement. Short-Term Obligations shall be issued and/or incurred in accordance with the terms of the Credit Agreement. Short-Term Obligations shall bear interest from their respective dates of issuance and/or incurrence in the amount and in the manner determined under the Credit Agreement and shall be payable on the dates set forth in the Credit Agreement.

(d) The Short-Term Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(e) The Short-Term Obligations shall be subject to prepayment prior to maturity in accordance with the terms of the Credit Agreement.

(f) No Short-Term Obligations may be issued and/or incurred under this Fourth Supplemental Subordinate Indenture and the Credit Agreement if a Default and/or Credit Agreement Event of Default has occurred and is continuing.

(g) On the Effective Date, the Board, acting on its own behalf and on behalf of the City, will issue the Note in order to evidence the obligation of the Board to repay the Bank for any Advances, Loans and/or Term Loans under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each Advance, Loan and/or Term Loan as reflected in the Note shall be payable on the applicable Maturity Date(s).

(h) The Short-Term Obligations, the Note and the other Payment Obligations shall constitute Subordinate Obligations within the meaning of the Master Subordinate Indenture.

Section 2.02. Payment of Short-Term Obligations. The Board, as provided in Section 5.01 of the Master Subordinate Indenture, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Net Revenues and to the extent thereof the principal of and interest on every Short-Term Obligation. The Board will make all payments of principal and interest directly to the Trustee in immediately available funds no later than [two (2) Business Days] preceding the date payment is due on any Short-Term Obligation. At the time the Board makes payments of principal and interest to the Trustee, the Board shall provide written notice (which can be in the form of an invoice received from the Bank) to the Trustee of the amount of the principal of and interest due on the Short-Term Obligations on the applicable payment date. The principal of and the interest on the Short-Term Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Indenture to the contrary, no presentation or surrender of the Note or any Short-Term Obligation shall be required for any payment of principal of or interest on any Short-Term Obligation.

Section 2.03. Use of Short-Term Obligation Proceeds. Short-Term Obligations shall be issued hereunder to pay Costs of a Project and for such other purposes as allowed by the Master Subordinate Indenture (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Enterprise).

On or prior to the date of each New Issue of Short-Term Obligations, the Board shall have obtained an Opinion of Bond Counsel, addressed to the Board, the Trustee and the Bank, to the effect that the interest on such Short-Term Obligations is excluded from gross income for federal income tax purposes.

ARTICLE III

APPLICATION OF SHORT-TERM OBLIGATION PROCEEDS

Section 3.01. Creation of Debt Service Fund. The Board hereby establishes the “City of Long Beach, California Second Lien Water Revenue Short-Term Obligation Debt Service Fund” (the “*Short-Term Obligation Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The Short-Term Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Bank.

Section 3.02. Creation of Short-Term Obligation Construction Fund. The Board hereby establishes the “City of Long Beach, California Second Lien Water Revenue Short-Term Obligation Construction Fund” (the “*Short-Term Obligation Construction Fund*”). The Trustee shall establish within the Short-Term Obligation Construction Fund a separate Account for each Advance to the extent proceeds of such Advance are to be deposited in the Short-Term Obligation Construction Fund.

Section 3.03. Deposit of Proceeds of Short-Term Obligations. Except as otherwise provided in the following sentence, upon receipt from the Bank, the Board shall transfer or cause to be transferred the proceeds from each Advance to the Trustee immediately upon receipt thereof. The proceeds from each Advance shall be applied by (a) the Trustee, at the direction of an Authorized Board Representative, for deposit into the appropriate Account of the Short-Term Obligation Construction Fund, and expended therefor in accordance with the provisions of Section 3.04 hereof, and/or (b) the Board for such other purposes as allowed by the Master Subordinate Indenture.

Section 3.04. Application of Moneys in the Short-Term Obligation Construction Fund.

(a) Except as provided in this Section 3.04, moneys deposited in the Short-Term Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Board Representative solely to pay the Costs of a Project and for such other purposes as allowed by the Master Subordinate Indenture.

(b) The Trustee shall make payments or disbursements from the Accounts within the Short-Term Obligation Construction Fund upon receipt of a written requisition executed by an Authorized Board Representative, in substantially the form attached as Exhibit A hereto, which requisition shall state, with respect to each amount requested thereby, (i) the Account from which such payment is to be made, (ii) the number of the requisition from such Account, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, which may be the Board and the case of reimbursement for costs theretofore paid by the Board, (iv) the identity of the Project to which such payment corresponds, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such 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 the facts stated therein.

(c) Moneys held in the Short-Term Obligation Construction Fund shall be invested and reinvested as directed by an Authorized Board Representative in Permitted Investments. Earnings on the Short-Term Obligation Construction Fund shall be retained in the Short-Term Obligation Construction Fund.

(d) The completion of a Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Board Representative stating either (i) the date of completion of the applicable Project and the amount, if any, required in the opinion of such Authorized Board Representative for the payment of any remaining part of the Costs of such Project or (ii) that all amounts in the applicable Account of the Short-Term Obligation Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account of the Short-Term Obligation Construction Fund following the delivery of such certificate, or upon the determination of the Board not to proceed with the applicable Project, may, at the determination of the Board, be applied upon written requisition of an Authorized Board Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Master Subordinate Indenture. As a condition to the disbursement of funds from an Account of the Short-Term Obligation Construction Fund for a purpose other than those described in Section 3.04(a) hereof, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Master Subordinate Indenture and that such use shall not result in the inclusion of interest on any Short-Term Obligations in gross income of the recipient thereof for federal income tax purposes.

Section 3.05. Deposits Into the Short-Term Obligation Debt Service Fund; Use of the Short-Term Obligation Debt Service Fund.

(a) *Interest Account.* The Trustee shall deposit into the Interest Account (i) amounts received from the Board pursuant to Section 4.03 of the Master Subordinate Indenture to be used to pay interest on the Short-Term Obligations and, if the Board enters into an interest rate swap agreement with respect to all or a portion of the Short-Term Obligations, to pay amounts due and payable to the provider of such agreement at such times as are provided in such interest rate swap agreement and (ii) if the Board enters into an interest rate swap agreement with respect to all or a portion of the Short-Term Obligations, any amounts received by the Board from the provider of such agreement. The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Short-Term Obligations in accordance with their terms and amounts due and payable by the Board under any interest rate swap agreement entered into by the Board with respect to all or a portion of the Short-Term Obligations (other than any swap termination payments and any other amounts payable thereunder which constitute Subordinate Obligations) at any time

in proportion to the amounts due or accrued with respect to each of them. Earnings on the Interest Account shall be retained in such Account.

(b) **Principal Account.** The Trustee shall deposit into the Principal Account amounts received from the Board pursuant to Section 4.03 of the Master Subordinate Indenture to be used to pay principal of the Short-Term Obligations. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. On or about May 5 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and paid to the Board for deposit into the Water Revenue Fund unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in such Account.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account amounts received from the Board as provided in the Master Subordinate Indenture to be used to pay the redemption and/or prepayment price of Short-Term Obligations being redeemed and/or prepaid. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. Earnings on the Redemption Account shall be withdrawn and paid to the Board on the Business Day following a redemption and/or prepayment date for deposit into the Water Revenue Fund unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in such Account.

The Short-Term Obligation Debt Service Fund shall be invested and reinvested as directed by the Board in Permitted Investments.

Section 3.06. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Fourth Supplemental Subordinate Indenture shall be invested at the written direction of the Board solely in Permitted Investments maturing or available not later than the date on which it is estimated that such moneys will be required. In the absence of any such written instructions, the Trustee shall, to the extent practicable, invest such moneys in the [•], or a successor fund offered by the Trustee.

Unless an Authorized Board Representative directs such investment earnings to be deposited directly into the Short-Term Obligation Rebate Fund or as otherwise provided in the Tax Certificate, all interest, profits and other income received from the investment of moneys in any fund or account shall remain in and be credited to such fund or account. In addition, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the funds or accounts established pursuant to this Fourth Supplemental Subordinate Indenture into a separate fund or funds for investment purposes only, provided that all funds and accounts held by the Trustee hereunder shall be accounted for separately as required by this Fourth Supplemental Subordinate Indenture. The Trustee may sell at a fair market price,

or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Short-Term Obligations, including moneys derived from, pledged to, or to be used to make payments on the Short-Term Obligations. Such records shall specify the fund or account to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each Permitted Investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

The Board acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Board the right to receive brokerage confirmations of security transactions as they occur, the Board specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Board periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Board may receive brokerage confirmations at no additional cost at its written request.

ARTICLE IV

PLEDGE AND PAYMENT

The Short-Term Obligations, the Note and the other Payment Obligations are Subordinate Obligations and, as such, are special limited obligations of the Board secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Master Subordinate Indenture.

The Board hereby pledges, places a lien upon and assigns Subordinate Net Revenues to secure the payment of the principal of and interest on the Short-Term Obligations, the Note and any other Payment Obligations in accordance with their terms. The Subordinate Net Revenues constitute a trust fund for the security and payment of the Payment Obligations, the interest on and principal of the Short-Term Obligations and all other Subordinate Obligations, and the Bank as holder of the Short-Term Obligations and the payee of the Payment Obligations and the holders from time to time of the other Subordinate Obligations of the Board and any other future parity Subordinate Obligations shall share *pari passu* without priority or distinction of one over the other in the Subordinate Net Revenues.

To provide additional security for the payment of the Payment Obligations and the principal of and interest on the Short-Term Obligations as the same shall become due and payable, the Board hereby pledges and grants a lien upon, subject only to the provisions of this Fourth Supplemental Subordinate Indenture and the Tax Certificate permitting the application thereof for

purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Short-Term Obligation by the Trustee in the Short-Term Obligation Debt Service Fund, (b) amounts held for the payment of such Short-Term Obligations by the Trustee in the Short-Term Obligation Construction Fund, (c) the proceeds of any other evidences of indebtedness of the Board issued or incurred solely for the payment of the Payment Obligations and/or the principal of and interest on such Short-Term Obligation, and (d) any other moneys of the Enterprise hereafter pledged by the Board to the payment of the Payment Obligations and/or the principal of and interest on the Short-Term Obligations.

ARTICLE V

TAX COVENANTS

Section 5.01. Short-Term Obligation Rebate Fund. The Board hereby agrees that it will enter into the Tax Certificate and will thereunder establish the "City of Long Beach, California Second Lien Water Revenue Short-Term Obligation Rebate Fund" (the "*Short-Term Obligation Rebate Fund*"), which fund will be held by the Trustee and will be funded by the Board, including amounts directed by an Authorized Board Representative pursuant to Section 3.06 hereof to be deposited therein, if so required under the Tax Certificate and amounts in such Short-Term Obligation Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

The Trustee shall establish within the Short-Term Obligation Rebate Fund a separate Account representing each Advance for Short-Term Obligations. All money at any time deposited in the Short-Term Obligation Rebate Fund (or any Account therein) in accordance with the provisions of the Tax Certificate shall be held by the Trustee in trust for payment to the federal government of the United States of America, and neither the Board nor the Bank as holder of Short-Term Obligations shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Short-Term Obligation Rebate Fund shall be governed by this Fourth Supplemental Subordinate Indenture and by the Tax Certificate. Money shall not be transferred from the Short-Term Obligation Rebate Fund except in accordance with the Tax Certificate.

Section 5.02. Preservation of Tax Exemption.

(a) The Board shall comply with those covenants and agreements set forth in the Tax Certificate.

(b) The Authorized Board Representatives shall be responsible for the execution and delivery (on or prior to the date of the initial delivery of the Short-Term Obligations and the dates referred to in the Third paragraph of this subsection (b)) of a Tax Certificate that, in a manner satisfactory to Bond Counsel, evidences compliance with the relevant requirements of Sections 103 and 141 through 150 of the Code.

The Board shall set forth in the Tax Certificate its reasonable expectations on the date of delivery of the Tax Certificate as to relevant facts, estimates and circumstances relating to the use of the Short-Term Obligation proceeds and any other matters deemed relevant by Bond Counsel. The facts, estimates and circumstances set forth in the Tax Certificate will be in all material respects, to the best of the Authorized Board

Representative's knowledge, true and correct as of the respective dates thereof. Neither the Board, any present or future individual members of the Board nor any official, agent or employee thereof shall have any individual liability to any holder of a Short-Term Obligation for any statement or matter included in or omitted from any Tax Certificate.

The Tax Certificate delivered on any date with respect to Short-Term Obligations shall be deemed to have been executed as of the date of each subsequent delivery of Short-Term Obligations unless and until the Authorized Board Representative shall furnish the Trustee and Bond Counsel a new Tax Certificate. The Board hereby covenants that it shall execute and deliver to the Trustee and Bond Counsel in connection with each delivery of Short-Term Obligations a new Tax Certificate at such time as its reasonable expectations as to the use of Short-Term Obligations proceeds change or at such time as Bond Counsel may request. Each Request for Advance for a New Issue of Short-Term Obligation shall constitute the reaffirmation by the Board as of the date of delivery of such Short-Term Obligations of the facts, estimates and circumstances set forth in the Tax Certificate of most recent date.

(c) The Board shall not use or permit the use of any proceeds of the Short-Term Obligations or any other funds of the Board held by the Trustee under this Fourth Supplemental Subordinate Indenture, attributable to the Short-Term Obligations, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Board or the Trustee with respect to the Short-Term Obligations in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Short-Term Obligation to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Board shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

In the event Bond Counsel has informed the Board that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Short-Term Obligations being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Short-Term Obligations at such time, the Board shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

Upon the receipt of written advice of Bond Counsel, the Board may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Board shall, issue to the Trustee a written certificate to the effect that a restriction or limitation on the yield on the investment of any Short-Term Obligation proceeds that was formerly deemed necessary is now removed or modified (along with appropriate written instructions), in which event the Board and the Trustee will take such action as is necessary to so hold and invest the Short-Term Obligation proceeds in accordance with such certificate and instructions. Neither the Board, the Trustee, nor

any present or future board member, official, officer, agent or employee of any of the foregoing shall incur any liability in connection with any certificate or instructions delivered by the Board to the Trustee as contemplated herein.

(d) The Board shall at all times do and perform all acts and things permitted by law and this Fourth Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Short-Term Obligations (or any of them) will not be included in gross income for federal income tax purposes, and the Board shall take no action that would result in such interest on any Short-Term Obligations being included in gross income for federal income tax purposes.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Additional Event of Default and Remedy.

(a) As permitted by Sections 8.01(f) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional Event of Default:

“A Credit Agreement Event of Default shall be an Event of Default under Section 8.01 of the Master Subordinate Indenture with respect to the Short-Term Obligations.”

(b) As permitted by Sections 8.02(c) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional remedy:

“The remedies provided for in the Credit Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Bank under Section 8.02 of the Master Subordinate Indenture with respect to the Short-Term Obligations.”

Section 6.02. Modification of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture. The Board may, from time to time and at any time, execute and deliver Supplemental Indentures supplementing and/or amending the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture in the manner set forth in Article X of the Master Subordinate Indenture.

Section 6.03. Payment Obligations Afforded Status of Subordinate Obligations. Payment Obligations owed by the Board to the Bank shall be afforded the status of a Subordinate Obligation and the Bank shall be the Subordinate Obligation holder subject to the payment terms established in the Credit Agreement.

Section 6.04. [Short-Term Obligations Not Subject to Acceleration. The Short-Term Obligations shall, under the provisions of Section 8.02 of the Master Subordinate Indenture, constitute Subordinate Obligations which are not subject to acceleration, and, upon the occurrence of an Event of Default, neither the Trustee nor the Bank shall be permitted or shall have the right to accelerate the payment of principal or and/or interest on the Short-Term Obligations.]

Section 6.05. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Fourth Supplemental Subordinate Indenture or the Short-Term Obligations must be in writing, except as expressly provided otherwise, in this Fourth Supplemental Subordinate Indenture or the Short-Term Obligations.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Board at the address provided in the Master Subordinate Indenture or when delivered by hand and received by the Board at the address provided in the Master Subordinate Indenture. Any notice or other communication to the Trustee or the Bank shall be sent to the following address:

Trustee: [•]

Bank: Payment Instructions:

[•]

Notices:

[•]

Any addressee may designate additional or different addresses for purposes of this Section.

Section 6.06. Parties Interested Herein. Nothing in this Fourth Supplemental Subordinate Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Board, the Trustee and the Bank, any right, remedy or claim under or by reason of this Fourth Supplemental Subordinate Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fourth Supplemental Subordinate Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Trustee and the Bank.

Section 6.07. Severability. If any provision of this Fourth Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Fourth Supplemental Subordinate Indenture.

Section 6.08. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required

on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 6.09. Governing Law. This Fourth Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State.

Section 6.10. Captions. The captions in this Fourth Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Fourth Supplemental Subordinate Indenture.

Section 6.11. Counterparts. This Fourth Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Subordinate Trust Indenture to be duly executed, all as of the date first above written.

BOARD OF WATER COMMISSIONERS OF
THE CITY OF LONG BEACH, acting on its own
behalf and on behalf of the City of Long Beach

By _____
[]

APPROVED AS TO FORM:

By _____
Assistant City Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

[Signature page to Fourth Supplemental Subordinate Trust Indenture]

EXHIBIT A

FORM OF SHORT-TERM OBLIGATION CONSTRUCTION FUND REQUISITION

Requisition No. _____

To: U.S. Bank National Association
[•]
Attention: [•]

Re: City of Long Beach, California Second Lien Water Revenue Short-Term Obligation
Construction Fund

Account amount to be transferred from: _____

The amount requisitioned: \$ _____

Payment to be made to: _____

Manner in which payment is to be made: _____

Description of Project: _____

The undersigned, an Authorized Board Representative within the meaning of the Master Subordinate Trust Indenture, dated as of October 1, 2002, as amended (the "Master Subordinate Indenture"), by and between the Board of Water Commissioners of the City of Long Beach (the "Board"), acting on its own behalf and on behalf of the City of Long Beach (the "City"), and U.S. Bank National Association, as trustee (the "Trustee"), and the Fourth Supplemental Subordinate Trust Indenture, dated as of [•], 2020 (the "Fourth Supplemental Subordinate Indenture"), by and between the Board, acting on its own behalf and on behalf of the City, and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the City of Long Beach, California Second Lien Water Revenue Short-Term Obligation Construction Fund held under the Fourth Supplemental Subordinate Indenture and directs that payment be made in the manner described above.

Amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [•], 2020 and relating to the Short-Term Obligations.

Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture.

Dated: _____

By _____
Authorized Board Representative

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Lond Beach, CA 90802

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EXHIBIT "B"
BANK TERM SHEET

City of Long Beach
Revolving Line of Credit
Summary of Terms and Conditions

April 7, 2020

This Summary of Terms and Conditions (this "Term Sheet") is confidential and is intended as a statement of indicative terms only, and is provided to facilitate additional discussion. It is a proposal for your consideration only and not a commitment by JPMorgan Chase Bank, N.A. or its affiliates ("JPMorgan") to provide the financing described in this Term Sheet or any other financing. The rates and fees set forth in this proposal are indicative and are subject to market conditions at all times until JPMorgan would commit to such financing in writing and, in any event, should not be regarded as indicative after the date of this Term Sheet. Due to market volatility and high demand for bank capital, we are requesting that the City revert with a decision by Wednesday, April 8th.

PRINCIPAL INDICATIVE TERMS:

Lender	JPMorgan Chase Bank, N.A. (the "Lender" or the "Bank")
Borrower	City of Long Beach (the "Borrower").
Facility/Amount	A Tax-Exempt, Revolving Line of Credit Facility in an amount not exceeding \$60,000,000.
Purpose	To finance infrastructure improvements to the water system.
Tenor	Up to 3-years from close.
Financial & Reporting Covenants	Reporting Covenant: CAFR due (or made publicly available) 240 days after fiscal year end and annual debt service coverage calculation. Financial Covenants: 110% rate maintenance and Additional Bonds Test of 110% Maximum Aggregate Annual Debt Service with respect to all outstanding Senior Lien Bonds and outstanding Subordinate Obligations.
Legal Fees	The Borrower shall pay all Legal Fees of the Lender. David Field of Chapman and Cutler would be engaged to represent the Bank. Legal fees are estimated at \$45,000 and capped at \$50,000. David Field Chapman and Cutler LLP 111 West Monroe Street Chicago, IL 60603-4080 Phone 312-848-3792/Fax 312-516-1992 dfield@chapman.com

APPENDIX

INTEREST RATES, PAYMENTS AND FEES

Interest Rate & Fees: The Facility would accrue interest at a variable rate per annum equal to 80% of One Month LIBOR plus the applicable spread set forth below:

Term	% Spread over 80% Libor*	Unused Fee
3-years	1.01% per annum	0.275%

* A Tax Exempt LIBOR Floor of 0.80% shall be applicable for the purposes of this Facility.

**Payments /
Amortization:**

Interest only until maturity; interest would be payable quarterly or other frequency mutually acceptable to the Bank and the Borrower. Principal would be due in full at maturity.

Prepayment:

The loan under the Facility may be prepaid in whole or in part, without premium or penalty, on any LIBOR Contract Renewal Date. Any prepayment on any date other than those provided for above, irrespective of whether such prepayment is due to acceleration upon an Event of Default, is subject to breakage costs payable by the Borrower.

Pricing Grid:

Pricing shall be subject to a grid based on the Borrower's Subordinated Water Revenue Rating and shall be subject to a 10 basis point increase in the applicable spread for each notch change downgrade (including gradations within each rating category). In the event of a split rating, the lowest rating shall apply. Such pricing shall be effective as of the date of the ratings change.

Day Basis/Year:

Actual/360.

**Maximum Interest
Rate:**

No limitation would exist in the applicable Facility documentation or authorizing resolution that restricts the interest rate to any rate lower than the maximum rate permitted by law.

**Interest Rate
Recapture:**

The Financing Documents would contain a customary interest rate recapture provision as protection against the possibility of the interest rate payable on the Facility exceeding the maximum rate permitted by law or the maximum rate provided for in the Financing Documents. Such excess amounts shall be payable during such time periods where the interest rate payable on the Facility is below the maximum rate permitted. Upon termination of the Facility, the Borrower shall pay to the Lender a fee equal to the amount of all unpaid deferred excess interest except for the portion thereof that is attributable to the rate exceeding the maximum rate permitted by law.

Default / Default Rate: The then applicable rate + 4.00%.

OTHER TERMS AND PROVISIONS

Security:

The \$60,000,000 Tax-Exempt Facility would be a Special limited obligation of the City secured payable solely from and secured by a pledge of subordinate net revenues of the

Water Utility Fund on parity with the City of Long Beach, California Second Lien Water Revenue Bonds Series 2012A.

- Extension of Expiration Date:** Extensions of the Stated Expiration Date would be within the sole discretion of the Bank and subject to its timely receipt of advance notice of request for an extension a more particularly described in the Financing Documents.
- Required Documents:** The terms of this financing would be evidenced by agreements, instruments and documents (collectively, the "Financing Documents") that are usual and customary for a Revolving Line of Credit transaction. The required documentation would include, but not limited to, the terms and conditions outlined herein as well as the Bank's standard provisions with respect to representations and warranties, covenants, events of default, remedies, conditions precedent, waiver of sovereign immunity, waiver of jury trial, compliance with anti-corruption laws, protections against increased costs and other general provisions that the Bank and its counsel deem necessary and would otherwise be satisfactory in form and substance to the Bank and its counsel.
- Conditions Precedent:** Usual and customary representations and warranties and other conditions prior to the issuance of the Facility for like situated borrowers and for the type and term of the Facility, including absence of default, absence of material litigation and absence of material adverse change from the Borrower's financial conditions and operations as reflected in the financial statements of the Borrower September 30, 2018.
- Additional conditions precedent would include delivery of acceptable documentation and legal opinions, including an opinion of legal counsel as to the validity and enforceability of the Borrower's obligations under the Financing Documents. a
- The City of Long Beach Water Enterprise shall be rated Aa2/AA+ by Moody's and S&P and the Enterprise's subordinate lien shall be rated AA by S&P.
- Governing Law:** All aspects of the Facility being discussed including this Term Sheet and any Financing Document would be governed by the laws of the State of California.
- Sovereign Immunity:** The Borrower will make representations and warranties relating to Absence of Sovereign Immunity (or provide a limited waiver of sovereign immunity, if applicable) related to disputes arising out of contract claims.

OTHER BANK REQUIREMENTS

Municipal Advisor

- Disclosure:** The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Borrower, (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the

Borrower on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Expenses: The Borrower would pay or reimburse the Bank for all its out-of-pocket costs and expenses and reasonable attorneys' fees where not prohibited by applicable law and incurred in connection with (i) the development, preparation and execution of the Financing Documents, and (ii) in connection with the enforcement or preservation of any rights under any agreement, any amendment, supplement, or modification thereto, and any other financing documents both before and after judgment.

Information Sharing: The Borrower would agree that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to the Facility described in this Term Sheet to JPMorgan Chase & Co. or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers or potential purchasers of the Facility, or participants or assignees of the Facility described in this letter.

Website Disclosure: As a best practice to maintain transparency, final financing documentation may be posted by the Borrower on a national public bond market repository provided that certain information is redacted by the Borrower as directed by the Bank consistent with the requirements of MSRB and SEC regulations. Items that should be redacted include signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive information.

Confidentiality: This Term Sheet is for Borrower's confidential review and may not be disclosed by it to any other person other than its employees, attorneys, board members and financial advisors (but not other commercial lenders), and then only in connection with the transactions being discussed and on a confidential basis, except where disclosure is required by law, or where the Bank consents to the proposed disclosure.

Bank Credit Decision: Satisfactory final due diligence, in the Bank's sole discretion, would be required consisting of, but may not be limited to, full review of requested financial statements and financing documents and discussions with management and other background due diligence of the Borrower and its management. Should the Borrower request financing substantially on the terms and conditions described in this Term Sheet, the Bank's credit decision would be made promptly after receipt of such request and completion of due diligence.

Lender Information

Lender Ratings: JPMorgan Chase Bank, N.A.'s current public ratings are as following:

Term	Long-term Rating	Short-term Rating	Outlook / Credit Watch
S&P	A+	A-1	Stable
Moody's	Aa2	P-1	Stable
Fitch	AA	F1+	Stable

Bank Contacts:

Nicole Williams
Vice President
300 S. Grand Ave., Floor 3
Los Angeles, California 90071
(213) 621-8655
Nicole.williams@jpmorgan.com

Matthew Moon
Vice President
300 S. Grand Ave., Floor 3
Los Angeles, California 90071
(213) 621-8133
Matthew.s.moon@jpmorgan.com

If you have any questions regarding the above indicative terms, please do not hesitate to contact either of us.

Sincerely,



Nicole Williams



Matthew Moon