

# R-22

August 9, 2022

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt a Resolution approving the issuance and sale of Tidelands Revenue Refunding Bonds, Series 2022, to refinance funds for improvements to the Aquarium of the Pacific, approving the form and authorizing execution of related documents, and approving related official actions. (Districts 1, 2, 3 and 7)

## DISCUSSION

In 1995, the Aquarium of the Pacific, a California nonprofit public benefit corporation (Corporation), issued the Long Beach Aquarium of the Pacific (AoP) Revenue Bonds 1995 Series A and B in the aggregate amount of \$117,545,000 to finance the acquisition and construction of the AoP facility.

In 2001, the Long Beach Bond Finance Authority (Authority) issued \$129,520,000 of Lease Revenue Bonds to refund the AoP Revenue Bonds 1995 Series A and B in the outstanding aggregate amount of \$114,250,000, issued by the Corporation. The AoP Series 2001 Refunding Bonds were secured by a first lien and pledge of rental payments from the Corporation, including certain pledged parking revenues, transient occupancy taxes (TOT), and the Tidelands Operating Fund revenues. Related to the 2001 restructuring of the 1995 Corporation bond debt, the City of Long Beach (City), Authority, and Corporation entered into the 2001 Site Lease Agreement, 2001 Lease Agreement, Implementation Agreement (2001 Implementation Agreement), an Amended and Restated Owner Participation Agreement (2001 OPA), and an Amended and Restated City Pledge Agreement (2001 Pledge Agreement).

Under the 2001 Site Lease Agreement, the City leased the AoP and location site to the Authority. As specified in the 2001 OPA, the rental payments of the Corporation, and certain TOT, were sources of revenues to be used in the repayment of the AoP 2001 Refunding Bonds, which were also backed by the Tidelands Operating Fund.

In 2012, the Authority issued \$102,580,000 of Refunding Revenue Bonds Series 2012 (Aquarium of the Pacific Project) to (a) refund the outstanding Authority 2001 Refunding Revenue Bonds, (b) fund a reserve fund for the Series 2012 Bonds, and (c) pay for the cost of issuance of the Series 2012 Bonds. The Series 2012 Bonds were secured by Pledged Revenue which included Tidelands Operating Revenue, Tidelands Operating Fund Balance, and AoP rental payments.

City staff recommends that a current refunding of the 2012 Bonds be financed from the proceeds of the City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (2022

Bonds). The net present value savings of this refunding are projected to be \$5.5 million (or 9.5 percent of the refunded 2012 bonds) over the seven years through the final 2022 Bonds' maturity date of November 1, 2029, if interest rates on the date of sale (tentatively scheduled for Wednesday, August 10, 2022) are even 25 basis points (0.25 percent) higher than they were during the week of July 5-8, 2022. If interest rates on August 10, 2022 are lower than that, the net present value savings will be greater than \$5.5 million over this term. Conversely, if interest rates are higher than that, the net present value savings will be less than \$5.5 million. If by chance on August 10, 2022 interest rates have risen so high that the net present value savings would be less than 3 percent, then the City's bond financing team will delay the bond sale until such time as at least 3 percent net present value savings can once again be achieved. (At least three percent net present value savings is the City Council's policy threshold for refunding existing bonds.)

The transaction will substantially reshape and simplify the relationship between the Corporation and the City. Over the last few years, the Corporation has accumulated substantial financial resources through a combination of positive operating results and grants from the federal CARES Act. These resources are sufficient to, in essence, prepay all remaining years of the Corporation's \$2,154,000 annual contribution to debt service, and thus reduce the size of this 2022 bond issue. By prepaying all seven years of its debt service obligations, the Corporation no longer needs to be a party to the bond issue, so a host of restrictive bond covenants fall away under the new 2022 Bond documents, relieving both the Corporation and City staff from burdensome administrative requirements.

Similarly, the existing facility lease arrangement between the City and the Corporation for the aquarium, which was integral to the 2012 Bonds, will dissolve on the day of closing for the new 2022 Bonds (scheduled for August 31). A new lease agreement is thus necessary for the Corporation to continue to occupy and operate the aquarium facility. That new lease agreement is the subject of a companion item on the August 9, 2022 City Council meeting agenda, as the two items are integrally associated. The City Council should approve the recommended bond issuance only if it also approves the new lease agreement, and should approve the new lease agreement only if it approves the recommended bond issuance.

Therefore, City staff recommends approval of the issuance of the 2022 Revenue Refunding Bonds, in an aggregate par amount not to exceed \$38,000,000 and aggregate yield not to exceed 5.00 percent to refund the outstanding 2012 Lease Revenue Refunding Bonds in order to take advantage of current market interest rates, and pay for the cost of issuance.

The legal pledge standing behind all bond issues described here, including the 2022 Bonds, is limited to revenue flowing to the Tideland Operating Fund. Neither the General Fund nor any other City fund is pledged to back the bonds.

The 2022 Bonds are to be issued on a parity with two series of Tidelands Revenue Bonds issued in 2017 (2017 Bonds) to finance improvements to the Aquarium of the Pacific and the Queen Mary. The 2017 Bonds are already secured by an irrevocable pledge by the City of the Tidelands Revenues, so the Indenture of Trust for the 2022 Bonds also contains covenants that the City will not take any action, whether relating to oil or other revenue, respectively, "that would materially adversely affect the amount, or delay the receipt by the City, of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue." The covenants, which

have already been in effect for years, will remain in effect until the 2022 Bonds mature (expected to be November 1, 2029) or are earlier redeemed.

This matter was reviewed by Principal Deputy City Attorney Richard Anthony on July 14, 2022, Financial Management Director Kevin Riper on July 13, 2022, and by Budget Analysis Officer Greg Sorensen on July 18, 2022.

### TIMING CONSIDERATIONS

City Council action is requested on August 9, 2022 to facilitate the timely pricing of the refunding Bonds, estimated for August 10, 2022.

### FISCAL IMPACT

Bond proceeds from the City's Tidelands Revenue Refunding Bonds Series 2022 are estimated at \$35.6 million, all of which may be required to offset the cost of refunding the 2012 Bonds. Under the interest rate assumptions described above, the annual debt service on the 2022 Bonds is estimated to be \$2.929 million less than the existing annual debt service on the 2012 Bonds being refunded. Against that gross debt service savings, \$2.154 million must be offset, because the Tideland Operating Fund will no longer be receiving \$2.154 million from the Corporation with which to pay interest each year (because, as explained above, the Corporation is essentially prepaying all seven years of its remaining debt service obligation, thereby reducing the size of the 2022 Bond issue). The difference between those two amounts, \$775,000 per year, represents the true savings to the Tideland Operating Fund from this refunding. That true savings in debt service represents a modest increase (about \$10 million) in debt capacity for any future bond issue backed by the Tideland Operating Fund, such as for the Belmont Beach Aquatic Center, the Belmont Pier, new water circulation pumps for Los Alamitos Bay, or infrastructure improvements to the Convention and Entertainment Center. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL

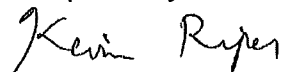
August 9, 2022

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER

DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER

ATTACHMENTS: A – RESOLUTION  
B – INDENTURE OF TRUST  
C – ESCROW AGREEMENT  
D – TERMINATION AGREEMENT  
E – PRELIMINARY OFFICIAL STATEMENT  
F – BOND PURCHASE AGREEMENT  
G – FIRST SUPPLEMENT INDENTURE OF TRUST SERIES 2017A

1 RESOLUTION NO.

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH, CALIFORNIA, AUTHORIZING  
5 THE ISSUANCE OF TIDELANDS REVENUE REFUNDING  
6 BONDS, SERIES 2022 IN A PRINCIPAL AMOUNT NOT TO  
7 EXCEED \$38,000,000, AND APPROVING RELATED  
8 DOCUMENTS AND ACTIONS  
9

10 WHEREAS, the City Council of the City of Long Beach (the "City") has  
11 determined to authorize the issuance of City of Long Beach Tidelands Revenue  
12 Refunding Bonds, Series 2022 (the "Bonds") pursuant to an indenture of trust (the  
13 "Indenture"), by and between the City and U.S. Bank Trust Company, National  
14 Association, as trustee (the "Trustee"), to refund bonds issued in 2012 (the "2012 Bonds")  
15 by the Long Beach Bond Finance Authority (the "Authority") for the benefit of the  
16 Aquarium of the Pacific; and

17 WHEREAS, the Bonds will be special obligations of the City, will be payable  
18 solely from and secured by a pledge of certain Available Tidelands Oil Revenue,  
19 Available Tidelands Operating Revenue, and Available Tidelands Operating Fund  
20 Balance (together, the "Tidelands Revenues"), as such capitalized terms are defined in  
21 the Indenture; and

22 WHEREAS, Morgan Stanley & Co. LLC, Cabrera Capital Markets, LLC and  
23 Stern Brothers & Co. (collectively, the "Underwriters") have proposed to purchase the  
24 Bonds and have presented to the City a form of bond purchase agreement for the Bonds,  
25 to be entered into between the City and the Underwriters (the "Bond Purchase  
26 Agreement"); and

27 WHEREAS, a form of official statement (the "Preliminary Official  
28 Statement") describing the Bonds, to be used in connection with the marketing of the

1 Bonds by the Underwriters, has been prepared; and

2 WHEREAS, a form of a continuing disclosure certificate (the “Disclosure  
3 Certificate”), providing for ongoing disclosure of matters related to the Bonds, has been  
4 prepared; and

5 WHEREAS, the Bonds will be secured by a pledge of the Tidelands  
6 Revenues on a parity with the City’s outstanding City of Long Beach Tidelands Revenue  
7 Bonds, Series 2017A (Aquarium of the Pacific Project) and City of Long Beach Taxable  
8 Tidelands Revenue Bonds, Series 2017B (Queen Mary Improvements) issued pursuant  
9 to an Indenture of Trust, dated as of November 1, 2017 (the “2017 Indenture”), between  
10 the City and U.S. Bank Trust Company, National Association, currently serving as trustee  
11 thereunder, and incident to the redemption of the 2012 Bonds certain amendments to the  
12 2017 Indenture need to be made as set forth in a First Supplemental Indenture of Trust  
13 which has been prepared, and a site lease between the City and the Authority needs to  
14 be terminated and superseded by a lease agreement between the City and the Aquarium  
15 of the Pacific, a form of which has been prepared; and

16 WHEREAS, also in connection with the redemption of the 2012 Bonds, a  
17 parking agreement between the City and the Aquarium of the Pacific needs to be  
18 replaced by a revised parking agreement so that the parking revenues described therein  
19 are remitted to the proper party following such redemption, and a form of which revised  
20 parking agreement has been prepared; and

21 WHEREAS, pursuant to Section 5852.1 of the California Government Code,  
22 certain information relating to the Bonds is set forth in Exhibit “A” attached to this  
23 Resolution, and such information is hereby disclosed and made public; and

24 WHEREAS, following the adoption of this Resolution, all conditions, things  
25 and acts required to exist, to have happened and to have been performed precedent to  
26 and in the issuance of the Bonds as contemplated by this Resolution and the documents  
27 referred to herein, will exist, will have happened and will have been performed in due  
28 time, form and manner as required by the laws of the State of California, including the

1 Law; and

2 WHEREAS, the City Council has duly considered the transactions  
3 contemplated by the documents referred to above and wishes at this time to approve the  
4 issuance of the Bonds and such documents in the public interests of the City;

5 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
6 follows:

7 Section 1. Issuance of the Bonds; Approval of Indenture. The City  
8 Council hereby authorizes the issuance of the Bonds in a maximum aggregate principal  
9 amount of \$38,000,000. The Bonds shall be issued under the provisions of Division 1 of  
10 Chapter 3.52 of Title 3 of the City’s Municipal Code and pursuant to the Indenture, for the  
11 purpose of providing funds to refund the 2012 Bonds, as well as to pay the costs of  
12 issuance of the Bonds and to acquire a reserve fund insurance policy for the Bonds.

13 The City Council hereby approves the Indenture in the form on file with the  
14 City Clerk. The City Manager, the Director of Financial Management and the City  
15 Treasurer (each a “Designated Officer”), each acting alone, are hereby authorized and  
16 directed to execute, for and in the name of the City, the Indenture in such form, together  
17 with any changes therein or additions thereto deemed advisable by the Designated  
18 Officer executing the Indenture upon consultation with the City Attorney and Bond  
19 Counsel, and the execution and delivery of the Indenture by a Designated Officer shall be  
20 conclusive evidence of the approval of any such changes or additions. The City Council  
21 hereby authorizes the delivery and performance by the City of the Indenture.

22 Section 2. Sale of Bonds. The City Council hereby approves the sale of  
23 the Bonds to the Underwriters pursuant to the Bond Purchase Agreement in the form on  
24 file with the City Clerk. The Designated Officers, each acting alone, are hereby  
25 authorized and directed to execute, for and in the name of the City, the Bond Purchase  
26 Agreement in such form, together with any changes therein or additions thereto deemed  
27 advisable by the Designated Officer executing the Bond Purchase Agreement upon  
28 consultation with the City Attorney and Bond Counsel (so long as: the principal amount of

1 the Bonds does not exceed \$38,000,000, the maximum true interest cost of the Bonds is  
2 not greater than 5.00%, and the Underwriters' discount is not greater than 0.50% of the  
3 aggregate initial principal amount of the Bonds), and the execution and delivery of the  
4 Bond Purchase Agreement by a Designated Officer shall be conclusive evidence of the  
5 approval of any such changes or additions. The City Council hereby authorizes the  
6 delivery and performance by the City of the Bond Purchase Agreement.

7           Section 3.    Disclosure Certificate. The City Council hereby approves the  
8 Disclosure Certificate in the form on file with the City Clerk. The Designated Officers,  
9 each acting alone, are hereby authorized and directed to execute, for and in the name of  
10 the City, the Disclosure Certificate in such form, together with any changes therein or  
11 additions thereto deemed advisable by the Designated Officer executing the Disclosure  
12 Certificate upon consultation with the City Attorney and Disclosure Counsel, and the  
13 execution and delivery of the Disclosure Certificate by a Designated Officer shall be  
14 conclusive evidence of the approval of any such changes or additions. The City Council  
15 hereby authorizes the delivery and performance by the City of the Disclosure Certificate.

16           Section 4.    Official Statement. The City Council hereby approves, and  
17 hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange  
18 Act of 1934, as amended (the "Rule"), the Preliminary Official Statement in the form on  
19 file with the City Clerk. The Designated Officers, each acting alone, are hereby  
20 authorized and directed to execute an appropriate certificate stating the City's  
21 determination that the Preliminary Official Statement is nearly final within the meaning of  
22 the Rule. Distribution of the Preliminary Official Statement in connection with the sale of  
23 the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby  
24 authorized and directed, upon consultation with the City Attorney and Disclosure  
25 Counsel, to approve any changes in or additions to the Preliminary Official Statement  
26 deemed necessary or desirable to bring it into the form of a final official statement (the  
27 "Final Official Statement"), and the Final Official Statement shall be executed in the name  
28 and on behalf of the City by a Designated Officer whose execution thereof shall be



1 conclusive evidence of approval of any such changes and additions. The City Council  
2 hereby authorizes the distribution of the Final Official Statement by the Underwriter in  
3 connection with the sale of the Bonds.

4           Section 5. First Supplemental Indenture of Trust. The City Council  
5 hereby approves the First Supplemental Indenture of Trust (the “Supplemental  
6 Indenture”) amending the 2017 Indenture (as defined in the Indenture) in the form on file  
7 with the City Clerk. The Designated Officers, each acting alone, are hereby authorized  
8 and directed to execute, for and in the name of the City, the Supplemental Indenture in  
9 such form, together with any changes therein or additions thereto deemed advisable by  
10 the Designated Officer executing the Supplemental Indenture upon consultation with the  
11 City Attorney and Bond Counsel, and the execution and delivery of the Supplemental  
12 Indenture by a Designated Officer shall be conclusive evidence of the approval of any  
13 such changes or additions. The City Council hereby authorizes the delivery and  
14 performance by the City of the Supplemental Indenture.

15           Section 6. Termination Agreement. The City Council hereby approves  
16 the Termination Agreement (the “Termination Agreement”) terminating the Site Lease,  
17 dated as of April 1, 2001, and amended by a First Amendment to Site Lease, dated as of  
18 March 1, 2012, each between the City and the Authority, in the form on file with the City  
19 Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to  
20 execute, for and in the name of the City, the Termination Agreement in such form,  
21 together with any changes therein or additions thereto deemed advisable by the  
22 Designated Officer executing the Termination Agreement upon consultation with the City  
23 Attorney and Bond Counsel, and the execution and delivery of the Termination  
24 Agreement by a Designated Officer shall be conclusive evidence of the approval of any  
25 such changes or additions. The City Council hereby authorizes the delivery and  
26 performance by the City of the Termination Agreement.

27           Section 7. Lease Agreement. The City Council hereby approves the  
28 Lease Agreement (the “Lease Agreement”) that provides for the lease of the aquarium

1 facility to the Aquarium of the Pacific in replacement for a lease of the facility between the  
2 Authority and the Aquarium of the Pacific, in the form on file with the City Clerk. The  
3 Designated Officers, each acting alone, are hereby authorized and directed to execute,  
4 for and in the name of the City, the Lease Agreement in such form, together with any  
5 changes therein or additions thereto deemed advisable by the Designated Officer  
6 executing the Lease Agreement upon consultation with the City Attorney and Bond  
7 Counsel, and the execution and delivery of the Lease Agreement by a Designated Officer  
8 shall be conclusive evidence of the approval of any such changes or additions. The City  
9 Council hereby authorizes the delivery and performance by the City of the Lease  
10 Agreement.

11           Section 8. Revised Parking Agreement. The City Council hereby  
12 approves the Revised Parking Agreement (the "Revised Parking Agreement") that  
13 supersedes the Parking Agreement, dated as of April 1, 2001, and amended by a First  
14 Amendment to Parking Agreement, dated as of March 1, 2012, each between the City  
15 and the Aquarium of the Pacific, in the form on file with the City Clerk. The Designated  
16 Officers, each acting alone, are hereby authorized and directed to execute, for and in the  
17 name of the City, the Revised Parking Agreement in such form, together with any  
18 changes therein or additions thereto deemed advisable by the Designated Officer  
19 executing the Revised Parking Agreement upon consultation with the City Attorney and  
20 Bond Counsel, and the execution and delivery of the Revised Parking Agreement by a  
21 Designated Officer shall be conclusive evidence of the approval of any such changes or  
22 additions. The City Council hereby authorizes the delivery and performance by the City of  
23 the Revised Parking Agreement.

24           Section 9. Designation of Counsel. The law firm of Quint & Thimmig LLP  
25 is hereby designated as Bond Counsel, and the firm of Stradling Yocca Carlson & Rauth,  
26 a Professional Corporation is hereby designated as Disclosure Counsel with respect to  
27 the Bonds. The City Attorney is hereby authorized and directed to execute agreements  
28 with said firms for their services in connection with the Bonds in form and substance

1 acceptable to the City Attorney.

2           Section 10. Designation of Municipal Advisor. The firm of KNN Public  
3 Finance, is hereby designated as municipal advisor to the City with respect to the Bonds.  
4 The City Treasurer is hereby authorized and directed to execute an agreement with said  
5 firm for its services in connection with the Bonds, in form and substance acceptable to  
6 the Treasurer.

7           Section 11. Official Actions. The City Manager, the Director of Financial  
8 Management, the City Treasurer, the City Clerk and all other officers of the City are each  
9 authorized in the name and on behalf of the City to obtain an insurance policy  
10 guaranteeing payment of the debt service on all or a portion of the Bonds, as well as a  
11 Reserve Account Insurance Policy (as defined in the Indenture) for the Bonds, in each  
12 case if determined by any such officer, upon consultation with the Municipal Advisor,  
13 determines one or both of such policies to be in the best economic interest of the City,  
14 and to make any and all assignments, and to execute any and all certificates,  
15 requisitions, agreements, notices, consents, instruments of conveyance, warrants and  
16 other documents, which they or any of them deem necessary or appropriate in order to  
17 consummate the sale and issuance of the Bonds and any of the other transactions  
18 contemplated by the documents approved pursuant to this Resolution. Whenever in this  
19 Resolution any officer of the City is authorized to execute or countersign any document or  
20 take any action, such execution, countersigning or action may be taken on behalf of such  
21 officer by any person designated by such officer to act on his or her behalf in the case  
22 such officer shall be absent or unavailable.

23           Section 12. This resolution shall take effect immediately upon its adoption  
24 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Long Beach, CA 90802-4664

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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 \_\_\_\_\_, 2022 by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Recusal(s): Councilmembers: \_\_\_\_\_

\_\_\_\_\_

City Clerk

EXHIBIT "A"

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Municipal Advisor which have been represented to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 3.03%
- (B) Finance Charges: \$560,342
- (C) Net Proceeds to be Received: \$35,088,305 (net of Finance Charges)
- (D) Total Payment Amount through Maturity (sum of all 2022 Bond debt service): \$39,601,770

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on July 8, 2022.

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

1 and other factors. The actual interest rate on the Bonds will depend on market interest  
2 rates at the time of sale thereof. The actual amortization of the principal of the Bonds will  
3 also depend, in part, on market interest rates at the time of sale thereof. Market interest  
4 rates are affected by economic and other factors beyond the control of the City.

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INDENTURE OF TRUST

by and between the

CITY OF LONG BEACH, CALIFORNIA

and

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

dated as of August 1, 2022

relating to:

\$\_\_\_\_\_

City of Long Beach  
Tidelands Revenue Refunding Bonds,  
Series 2022

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EXHIBIT A—FORM OF BOND

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of August 1, 2022 (the "Indenture"), is by and between the CITY OF LONG BEACH, CALIFORNIA, a municipal corporation and chartered city organized and existing under its charter and laws of the State of California (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under 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 (the "Trustee").

### RECITALS:

WHEREAS, the City has determined to issue its City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 pursuant to Division 1 of Chapter 3.52 of Title 3 of the Long Beach Municipal Code and this Indenture in order to refund bonds issued by the Long Beach Bond Finance Authority related to the Aquarium of the Pacific, as well as to pay the costs of issuance of the Bonds;

WHEREAS, the Bonds are special, limited obligations of the City, payable solely from and secured by a pledge of Available Tidelands Operating Revenue, Available Tidelands Oil Revenue and Available Tidelands Operating Fund Balance and certain other moneys and securities held by the Trustee hereunder;

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

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the City, 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 this Indenture have been in all respects duly authorized.

### AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and interest on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the

mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS; RULES OF CONSTRUCTION; 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 and of any Supplemental Indenture and of any certificate, opinion, request or other documents herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

*"Annual Report"* has the meaning set forth in Section 8.13 hereof.

*"Authority"* means the Long Beach Bond Finance Authority.

*"Authorized Representative"* means the Mayor, the City Manager, the Director of Financial Management, the City Treasurer or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by an Authorized Representative and filed with the Trustee.

*"Available Tidelands Oil Revenue"* means, as of any date of calculation, all of the following amounts deposited or required to be deposited in the Tidelands Oil Revenue Fund during the Fiscal Year in which the calculation date occurs: (a) moneys received by the City pursuant to subdivision (e) of Section 4 of Chapter 138 of California Statutes of 1964 (First Extraordinary Session), as modified by Chapter 941 of California Statutes of 1991, (b) East Wilmington Incremental Oil Revenue, (c) the rental payments paid to the City pursuant to the THUMS Land Lease, (d) the fees paid to the City pursuant to the THUMS Pipeline License, (e) West Wilmington Base Oil Revenue, (f) West Wilmington Incremental Oil Revenue, and (g) Tidelands's Special Facilities and Service Charges, except any of the amounts described in (a) through (g) that are set-aside for (i) abandonment purposes, including, but not limited to amounts deposited to the Abandonment Sub-Fund in the Tidelands Oil Revenue Fund, or (ii) maintenance and operating expenses.

*"Available Tidelands Operating Fund Balance"* means, as of any date of calculation, the amount on deposit in the Tidelands Operating Fund that is unencumbered and available to be expended for any purpose of the Tidelands Operating Fund; but shall not include (a) any amounts needed to satisfy any of the obligations described in clauses (a) through and including (e) of the definition "Available Tidelands Operating Revenue" due in the then current Fiscal Year or due in any prior Fiscal Year but not yet paid; or (b) any amounts in any Abandonment Sub-Fund in the Tidelands Operating Fund.

*"Available Tidelands Operating Revenue"* means, as of any date of calculation, all of the amounts deposited or required to be deposited in the Tidelands Operating Fund during the Fiscal Year in which the date of calculation occurs pursuant to the City Charter and any and all

documents, agreements, ordinances, settlements or other contractual or legal rights or claims of the City, except (a) amounts required to be paid during such Fiscal Year from the Tideland Operating Fund pursuant to the Second Amended and Restated Parking Structure-Public Facilities Sublease, by and between the City and the Hyatt Long Beach Corporation, dated as of January 27, 1995; (b) amounts, if any, required to be paid during such Fiscal Year from the Tideland Operating Fund pursuant to (i) the Management Agreement (Long Beach Convention and Entertainment Center) by and between the City and Spectacor Management Group, dated as of February 12, 1991, as amended from time to time, or (ii) any subsequent management agreement for the Long Beach Convention and Entertainment Center, as executed and as it may be amended from time to time; (c) amounts required to be paid during such Fiscal Year to the State Department of Boating and Waterways for loans made under the Small Craft Harbor and Operation Contract (Long Beach Bulkhead Wall Restoration and Harbormaster Office); and (d) amounts required to be paid by the City, as lessee, under the Master Equipment Lease-Purchase Agreement, dated October 1, 2005, between the City and DeLiddo and Associates, Inc., dba DEERS, as lessor, which amounts have been assigned to Bank of Sierra (which lease relates to the roofing system for the City's convention center).

*"Bond Fund"* means the fund by that name established pursuant to Section 5.01.

*"Bond Registration Books"* means the books maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

*"Bond Reserve Account"* means the account by that name in the Bond Fund so designated and established pursuant to Section 5.01 which shall serve as the reserve fund for the Bonds only and not for any obligations of the City.

*"Bond Reserve Requirement"* means an amount equal to the least of Maximum Annual Debt Service, 125% of average annual debt service on the Bonds, and 10% of the original principal amount of the Bonds. The amount of the Bond Reserve Requirement is \$\_\_\_\_\_ as of the Closing Date.

*"Bond Year"* means any twelve-month period commencing on November 2 in a year and ending on the next succeeding November 1, both dates inclusive; provided, however, that the first Bond Year shall commence on the Closing Date relating to the Bonds and shall end on November 1, 2022.

*"Bonds"* means the City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022, issued and at any time Outstanding under this Indenture.

*"Business Day"* means (a) any day that is not a Saturday, Sunday or legal holiday or day on which banking institutions in the State are closed, or (b) a day on which the New York Stock Exchange is closed.

*"Certificate," "Statement," "Request," "Requisition" and "Order"* of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by an Authorized Representative.

*"Chapter 138"* means Chapter 138 of California Statutes of 1964 (First Extraordinary Session), pursuant to subdivision (e) of Section 4 of which the City receives a portion of the tidelands oil revenue from East Wilmington, as modified by Chapter 941 of California Statutes of 1991.

*"City"* means the City of Long Beach, California, a municipal corporation and chartered city organized and existing under its charter and laws of the State, and any successor thereto.

*"City Charter"* means the charter of the City, as it may from time to time be supplemented or amended.

*"City Council"* means the City Council of the City.

*"Closing Date"* means August \_\_, 2022, being the date upon which there was an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser thereof.

*"Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date, or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

*"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 items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the 2012 Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees and expenses of the Escrow Bank and its counsel, fees, charges and disbursements of attorneys, municipal advisors, fiscal consultants, accounting firms, other consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds and the refunding of the 2012 Bonds.

*"Costs of Issuance Fund"* means the fund so designated and established pursuant to Section 3.02.

*"Debt Service"* means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all Outstanding Bonds

coming due and payable by their terms in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled.

*"Defeasance Obligations"* means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, (f) defeased municipal bonds rated "AAA" by Fitch or "Aaa" by Moody's or "AAA" by S&P, and (g) any combination of the foregoing.

*"Escrow Agreement"* means the Escrow Agreement, dated as of August 1, 2022, between the Authority and the Escrow Bank.

*"Escrow Bank"* means U.S. Bank Trust Company, National Association, in its capacity as the Escrow Bank under the Escrow Agreement.

*"East Wilmington"* means that portion of the Wilmington Oil Field identified as the "Long Beach Unit" in the East Wilmington Optimized Waterflood Agreement.

*"East Wilmington Incremental Oil Revenue"* means the City's portion, from and after January 1, 2000, of the net profits attributable to oil production that exceeds the level of base oil production in East Wilmington, as allowed under the East Wilmington Optimized Waterflood Agreement, and as referenced in Section 2(b)(1)(C) of Chapter 941, California Statutes of 1991 (being eight and one-half percent (8-1/2%) of such net profits).

*"East Wilmington Optimized Waterflood Agreement"* means the Agreement for Implementation of an Optimized Waterflood Program for Long Beach Unit, entered into in November 5, 1991 pursuant to Chapter 941, California Statutes of 1991, among the City, the State, acting through the State Lands Commission, California Resources Corporation (as successor to Atlantic Richfield Company) and California Resources Long Beach, Inc. ("CRC") (successor to ARCO Long Beach, Inc.), whereby CRC agreed to make certain capital investments in East Wilmington in order to increase oil production, and, as an incentive to CRC for undertaking such financial risk, CRC would receive a portion of the net profits attributable to the increased oil production.

*"Event of Default"* means any of the events of default described in Section 7.01.

*"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, (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, or (d) the investment is the Local Agency Investment Fund of the State but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

*"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 payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

*"Filing Date"* means January 31 of each year, commencing January 31, 2023.

*"Fiscal Year"* means the period commencing on October 1 of each year and terminating on the next succeeding September 30.

*"Fitch"* means Fitch Ratings, Inc., New York, New York, or its successors.

*"Harbor Board"* means the Board of Harbor Commissioners of the City.

*"Harbor District"* means the harbor district of the City, as referenced in Section 12.01 of the City Charter.

*"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 such accountants appointed and paid by the City, and who, or each of whom: (a) is in fact independent and not under domination of the City; (b) does not have any substantial interest, direct or indirect, with the City; and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to 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>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the City may designate in a Certificate of the City delivered to the Trustee.



*"Insurance Agreement"* means the Insurance Agreement, dated as of the Closing Date, between the City and the Insurer.

*"Insurer"* means \_\_\_\_\_, or any successor thereto or assignee thereof.

*"Interest Account"* means the account by that name in the Bond Fund established pursuant to Section 5.01.

*"Interest Payment Date"* means May 1 and November 1 in each year, beginning November 1, 2022, and continuing so long as any Bonds remain Outstanding.

*"Law"* means the Division 1 of Chapter 3.52 of Title 3 of the Long Beach Municipal Code.

*"Marinas"* means the three City-owned marinas in the Tidelands Area.

*"Maximum Annual Debt Service"* means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Bond Year with respect to all Outstanding Bonds.

*"Moody's"* means Moody's Investors Service, New York, New York, or its successors.

*"Original Purchaser"* means, collectively, Morgan Stanley & Co. LLC, Cabrera Capital Markets, LLC and Stern Brothers & Co., the first purchasers of the Bonds from the City.

*"Outstanding,"* when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the City under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 10.02; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant to this Indenture or any Supplemental Indenture.

*"Owner"* or *"Bond Owner"*, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Registration Books.

*"Parity Agreement"* means the indenture of trust or other document pursuant to which any Parity Obligations are issued.

*"Parity Obligations"* has the meaning given to such term in Section 6.07(b).

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

*"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 the Indenture as a determination that such investment is a Permitted Investment):

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

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

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

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

(i) The entity meets the following criteria:

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

(ii) The entity meets the following criteria:

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

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

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

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

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

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

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

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

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

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

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

(n) the City Treasurer's Investment Pool.

*"Person"* means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

*"Principal Account"* means the account by that name in the Bond Fund established pursuant to Section 5.01.

*"Queen Mary"* means operations of the City related to the vessel known as Queen Mary and related facilities located in the Tidelands Area.

*"Rainbow Harbor Area"* means the area within the Tidelands Area known as Rainbow Harbor, including approximately 25.04 acres of land and 22.73 acres of water. The Rainbow Harbor Area is more specifically described in Exhibit A to the Site and Facility Lease, dated as of April 1, 2006, between the City and the Authority.

*"Rating Category"* means, with respect to any Permitted Investment, one or more of the generic categories of rating by Fitch, Moody's and/or S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign.

*"Record Date"* means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day. With respect to any payment of defaulted interest a special Record Date shall be established in accordance with the provisions hereof.

*"Refunding Bonds"* means bonds issued by the City the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that (i) the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds is less than the total interest cost to maturity on the Bonds to be refunded plus the principal amount of the Bonds to be refunded, and (ii) the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

*"Reporting Period"* means the period between July 1 of each year and June 30 of the immediately following year.

*"Reserve Account Insurance Policy"* means the municipal bond debt service reserve insurance policy issued by the Insurer in an amount equal to the Bond Reserve Requirement as of the Closing Date, to be held for the credit of the Bond Reserve Account. Notwithstanding any other provision of this Indenture, the Reserve Account Insurance Policy shall constitute a Permitted Investment instrument for purposes of this Indenture.

*"S&P"* means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

*"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 City may designate in a Certificate of the City delivered to the Trustee.

*"Special Record Date"* means the date established by the Trustee pursuant to Section 2.02 as a record date for the payment of defaulted interest on Bonds.

*"State"* means the State of California.

*"Supplemental Indenture"* means any indenture hereafter duly authorized and entered into between the City and the Trustee, amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

*"THUMS Land Lease"* means the Lease, dated January 2, 1997, as amended, between the City and THUMS Long Beach Company, pursuant to which THUMS Long Beach Company pays the City rent on a monthly basis for the use of certain parcels of real property located in the Harbor District.

*"THUMS Pipeline License"* means the Pipeline License, effective as of February 11, 2005, between the City, acting by and through its Harbor Board, and THUMS Long Beach Company, pursuant to which the City, acting by and through the Harbor Board, permitted THUMS Long Beach Company to lay, operate, repair and renew certain pipelines and necessary attachments, facilities and appurtenances, and granted certain rights of ingress and egress to and from the same over City-owned property in the Harbor District.

*"Tideland Oil Revenue Fund"* means the fund by that name established and maintained by the City pursuant to Section 1709 of the City Charter.

*"Tideland Operating Fund"* means the fund by that name established and maintained by the City pursuant to Section 1710 of the City Charter.

*"Tideland's Special Facilities and Service Charges"* means the special facilities and services charge that the City may apply and collect with regard to all oil operations within the tideland portion of the Harbor District, except for those areas occupied by the East Wilmington oil operations, all pursuant to Section I of the agreement entered into in October, 1976, by the City, the Harbor Board and the State, acting by and through the State Lands Commission.

*"Tidelands Area"* means (a) all of the tidelands within the territorial boundaries of the City, from the mean high tide line to three miles offshore granted to the City pursuant to Chapter 676 of California Statutes of 1911, Chapter 102 of California Statutes of 1925 and Chapter 158 of California Statutes of 1935 (as further defined by Chapter 29 of California Statutes of 1956 (First Extraordinary Session), Chapter 138 and Chapter 941 of California Statutes of 1991), together with (b) real property acquired with funds arising from the territory described in the preceding clause (a).

*"Tidelands Revenues"* means, collectively, Available Tidelands Oil Revenues, Available Tidelands Operating Fund Balance and Available Tidelands Operating Revenue.

*"Trust Office"* means the principal corporate trust office of the Trustee in Los Angeles, California, identified in Section 11.07; except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust operations and agency business shall be conducted, initially in St. Paul, Minnesota.

*"Trustee"* means U.S. Bank Trust Company, National Association, appointed by the City to act as trustee hereunder pursuant to Section 8.01, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in Section 8.08.

*"2017 Bonds"* means, collectively, the City of Long Beach Tidelands Revenue Bonds, Series 2017A (Aquarium of the Pacific Project) and the City of Long Beach Taxable Tidelands Revenue Bonds, Series 2017B (Queen Mary Improvements), in each case outstanding under the 2017 Indenture.

*"2017 Indenture"* means the Indenture of Trust, dated as of November 1, 2017, by and between the City and U.S. Bank Trust Company, National Association, successor to U.S. Bank National Association, as trustee.

*"2012 Bonds"* means the Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project).

*"West Wilmington"* means that portion of the Wilmington Oil Field referred to as the West Wilmington oil field in the West Wilmington Optimized Waterflood Agreement.

*"West Wilmington Base Oil Revenue"* means the ninety-seven percent (97%) of the net profits from a base level of oil production in West Wilmington, which are allocated to the City pursuant to, and as more particularly provided for in, Section 2.06 of the West Wilmington Optimized Waterflood Agreement.

*"West Wilmington Incremental Oil Revenue"* means the fifty-one percent (51%) of the net profits attributable to oil production that exceeds a certain base level of oil production in West Wilmington, which are allocated to the City pursuant to, and as more particularly set forth in, Recital C to and Section 2.06 of the West Wilmington Optimized Waterflood Agreement.

*"West Wilmington Optimized Waterflood Agreement"* means the Agreement for Implementation of an Optimized Waterflood Program for the West Wilmington Oil Field, entered into as of January 1, 2010 by the City and Tidelands Oil Production Company, pursuant to which Tidelands Oil Production Company agreed to make certain capital investments in West Wilmington.

*"Wilmington Oil Field"* means the oil field comprised of East Wilmington and West Wilmington, located on the 13 mile long and 3 mile wide Wilmington Anticline that extends from onshore San Pedro to offshore Seal Beach.

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

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

THE BONDS

Section 2.01. Authorization of the Bonds. The City hereby authorizes the issuance of the Bonds, which shall be special obligations of the City, for the purpose of providing funds to refund the outstanding 2012 Bonds. The Bonds are hereby designated the "City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022." At any time after the execution and delivery of this Indenture, the City may execute and the Trustee, upon Request of the City, shall authenticate and deliver the Bonds in the initial aggregate principal amount of \_\_\_\_\_ million \_\_\_\_\_ hundred \_\_\_\_\_ thousand dollars (\$\_\_\_\_\_).

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond of any series shall have more than one maturity date.

The Bonds shall be dated as of their date of delivery, shall mature on November 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond 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 or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on the Bond Registration Books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer. Interest on the Bonds shall be computed on the basis of a year consisting of 360 days and twelve 30-day months. Principal of any Bond shall be paid upon presentation and surrender thereof at the Trust Office of the Trustee. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America.



Each Bond shall bear interest from the Interest Payment Date next preceding the 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) it is authenticated on or before October 15, 2022, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Owner on such Record Date and shall be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners not less than ten (10) days prior to such Special Record Date.

The Bonds are not be subject to redemption prior to maturity.

Section 2.03. Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the City with the facsimile signature of its Mayor, City Manager, Director of Financial Management or City Treasurer and attested by the facsimile signature of its City Clerk. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer of the City.

Only such of the 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 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Bond Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, endorsed or accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Every Bond so surrendered to the Trustee shall be canceled by it and destroyed.

Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like maturity and aggregate principal amount of authorized denominations. The Trustee shall require the Owner requesting such transfer to pay any tax or other charge required to be paid with respect to such transfer.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Trustee shall require the Owner requesting such exchange to pay any tax or other charge required to be paid with respect to such exchange.

Section 2.07. Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the City and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single registered bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the City and authenticated by the Trustee upon the same conditions and in the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bond Registration Books. The Trustee will keep or cause to be kept at its Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the City upon reasonable notice; 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 said books, Bonds as hereinbefore provided.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed and the Trustee shall provide evidence of such destruction to the City. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the City and the Trustee satisfactory to the Trustee shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and

in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The City may require payment of a reasonable fee for each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the City and the Trustee in connection therewith. Any Bond issued under the provisions of this Section 2.09 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.10. Book-Entry System. Notwithstanding any provision of this Indenture to the contrary:

(a) At the request of the Original Purchaser, the Bonds shall be initially issued 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 maturing on each of the maturity dates set forth in Section 2.02 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

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

(ii) to any substitute depository designated in a written request of the City, upon (i) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (ii) a determination by the City 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 City 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 City 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 2.10, upon receipt of all Outstanding Bonds by the Trustee,

together with a written request of an Authorized Representative of the City to the Trustee, a single new Bond shall be issued, authenticated and delivered for each maturity of such Bond then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of an Authorized Representative of the City. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.10, upon receipt of all Outstanding Bonds by the Trustee together with a written request of an Authorized Representative of the City, new Bonds shall be issued, authenticated and delivered in such denominations and registered in the names of such persons as are requested in a written request of the City provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a written request of an Authorized Representative of the City.

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

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

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

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

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

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of blanket issuer letter of representations (prepared by The Depository Trust

Company) executed by the City and received and accepted by The Depository Trust Company.

## ARTICLE III

### APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

Section 3.01. Application of Proceeds of Bonds. (a) Upon the receipt of payment for the Bonds on the Closing Date of \$\_\_\_\_\_ (being the principal amount of the Bonds of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_, and the premium for the Reserve Account Insurance Policy of \$\_\_\_\_\_), plus any original issue premium, the Trustee shall apply the proceeds of sale thereof as follows:

(i) the Trustee shall deposit \$\_\_\_\_\_ to the Costs of Issuance Fund; and

(ii) the Trustee shall transfer \$\_\_\_\_\_ to the Escrow Bank for deposit by the Escrow Bank in the Escrow Fund created under the Escrow Agreement.

(c) The Trustee shall hold the Reserve Account Insurance Policy for the benefit of the Bond Reserve Account.

(d) The Trustee may establish temporary funds or accounts on its records to facilitate the transfers described in (a) above.

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

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay Costs of Issuance upon receipt by the Trustee of a Requisition of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, payment instructions and that such payment is a proper charge against said fund. Each such Requisition of the City 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.

(b) At the end of three months from the Closing Date, or upon earlier receipt of a Certificate of the City stating that amounts in the Costs of Issuance Fund are no longer required for the payment of Costs of Issuance, the Costs of Issuance Fund shall be closed and any amounts then remaining in said fund shall be transferred by the Trustee to the City, to be used for any lawful purpose for which Tidelands Revenues may be expended.

### Section 3.03. Validity of Bonds.

(a) The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts,

conditions and things required by law to exist, happen or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized, pursuant to each and every requirement of the Law to issue the Bonds in the form and manner provided in this Indenture and the Bonds shall be entitled to the benefit, protection and security of the provisions of this Indenture.

(b) From and after the issuance of the Bonds, the findings and determinations of the City respecting the Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Bonds is at issue, and no bona fide purchaser of any of the Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the proceeds of sale of the Bonds. The recital contained in the Bonds that the same are issued pursuant to the Law and this Indenture shall be conclusive evidence of their validity and of the regularity of their issuance and all Bonds shall be incontestable from and after their issuance.

## ARTICLE IV

### NO REDEMPTION OF BONDS

Section 4.01. No Redemption Prior to Maturity. The Bonds are not subject to redemption prior to their stated maturities.



## ARTICLE V

### TIDELANDS REVENUES; FUNDS AND ACCOUNTS; INVESTMENTS

Section 5.01. Pledge of Tidelands Revenues. Subject to the provisions of Sections 10.01 and 10.02, the Bonds shall be secured by a pledge of all of the Tidelands Revenues on a parity with the pledge of the Tidelands Revenues under Section 5.01 of the 2017 Indenture, and under any future Parity Obligations. In addition, the Bonds shall be secured by a pledge of all of the moneys in the Bond Fund (including the Bond Reserve Account therein), including all amounts derived from the investment of such moneys. Such pledge shall constitute a lien on the Tidelands Revenues and such other moneys for the payment of the principal of and interest on the Bonds in accordance with the terms hereof. The Bonds shall be equally secured by the pledge, charge and lien upon the Tidelands Revenues and such moneys under this Indenture, without priority for number or date. So long as any of the Bonds are Outstanding, the Tidelands Revenues remitted to the Trustee pursuant to Section 5.02 and such moneys shall not be used for any other purpose, except as set forth in this Section 5.01 and Section 5.02.

Notwithstanding the foregoing, at such time in any Fiscal Year as (a) the Debt Service due in such Fiscal Year has been paid in full, (b) the amount in the Bond Reserve Account is at least equal to the then Bond Reserve Fund Requirement, and (c) any amounts owing to the Insurer under the Insurance Agreement have been paid in full, any Available Tidelands Operating Revenue and Available Tidelands Oil Revenue on hand or thereafter received by the City in such Fiscal Year, and the then Available Tidelands Operating Fund Balance, shall be free of any pledge, lien or security interest under this Indenture and may be used by the City for any lawful purpose for which such revenues or fund balance may be used.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the City and the Trustee for the benefit of the Insurer and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

The Trustee shall establish and maintain the Bond Fund and, within the Bond Fund, the Interest Account, the Principal Account and the Bond Reserve Account.

Section 5.02. Receipt, Deposit and Application of Tidelands Revenues. On each October 1, commencing October 1, 2022, the City shall transfer to the Trustee, from the Tidelands Revenues, an amount equal to the scheduled Debt Service due on the Bonds in the Fiscal Year that

commences on such October 1, and an amount equal to any amounts owing by the City to the Insurer under the Insurance Agreement, less any amount then held by the Trustee in the Bond Fund. The Trustee shall deposit any funds remitted to it by the City pursuant to the preceding sentence to the Bond Fund.

On each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of amounts in the Bond Fund 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:

*First:* to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding;

*Second:* to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any; and

*Third:* to the Bond Reserve Account, the amount needed to increase the amount then on deposit in the Bond Reserve Account to the Bond Reserve Requirement and to pay any amounts owing by the City to the Insurer under the Reserve Account Insurance Policy.

As long as all of the foregoing transfers are made at the time and in the manner set forth above any moneys remaining in the Bond Fund shall, as long as the Bonds are outstanding, be treated as surplus and applied for any lawful purpose of the City, and shall be transferred to the City upon the Request of the City to the Trustee.

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 Bonds as it shall become due and payable (including accrued interest on any 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 for the purposes of paying the principal of the Bonds when due and payable or purchased by the City.

Section 5.05. Application of Bond Reserve Account. In addition to a cash deposit to the Bond Reserve Account described in Section 3.01(a)(iii), the Reserve Account Insurance Policy shall be delivered to the Trustee on the Closing Date, and shall be held by the Trustee for the credit of the Bond Reserve Account solely for the benefit of the Bonds.

If, on any Interest Payment Date, the moneys available in the Interest Account and/or the Principal Account, do not equal the amount of the principal and interest on the Bonds then coming due and payable, the Trustee shall first apply any moneys available in the Bond Reserve Account to make delinquent amounts with respect to the Bonds by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account, and then shall draw on the Reserve Account Insurance Policy to the extent an insufficiency still exists and apply amounts received from such draw to make delinquent amounts on the Bonds by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account. To the extent there is cash or investments on deposit in the Bond Reserve Account, such cash or investments shall be applied first before there is any draw on the Reserve Account Insurance Policy or any other credit facility credited to the Bond Reserve Account in lieu of cash (a "Credit Facility"). Payment of any Policy Costs (as defined in the Insurance Agreement) shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Account Insurance Policy) on which there is available coverage shall be made, and payment of Reserve Account Insurance Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made, as provided in Section 5 of the Insurance Agreement.

The Trustee shall ascertain the necessity for a claim upon the Reserve Account Insurance Policy, and provide notice to the Insurer in accordance with the terms of the Reserve Account Insurance Policy at least five (5) business days prior to each date upon which interest or principal is due with respect to the Bonds, as provided in Section 10 of the Insurance Agreement.

The City has no obligation to replace the Reserve Account Insurance Policy or to fund the Bond Reserve Account with cash if, at any time the Bonds are outstanding, amounts are unavailable under the Reserve Account Insurance Policy.

Any cash or securities held in the Bond Reserve Account shall be valued by the Trustee semi-annually on the Business Day prior to each May 1 and November 1. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Account, together with the amount then available to be drawn on the Reserve Account Insurance Policy, are less than the Bond Reserve Requirement, the City shall transfer to the Trustee, and the Trustee shall deposit in the Bond Reserve Account, the amount necessary to increase the amount therein to the Bond Reserve Requirement, all as provided in Section 5.02. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Account, together with the amount available to be drawn on the Reserve Account Insurance Policy, are in excess of the Bond Reserve Requirement, the Trustee shall notify the City of the amount of such excess and shall, as directed by the City, withdraw all or a portion of such excess cash and securities and transfer such amount to the Interest Account.

Section 5.06. [intentionally omitted].

Section 5.07. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Indenture shall, upon Request of the City provided at least two Business Days prior to the date of investment, be invested by the Trustee, but solely in

Permitted Investments. In the absence of any such directions from the City, the Trustee shall invest any such moneys in the money market fund set forth in the letter of authorization and direction executed by the City and delivered to the Trustee. If no specific money market fund had been specified by the City, the Trustee shall make a request to the City for investment directions and, if no investment directions are provided within 10 days, such amount shall be held in cash, uninvested during such 10 day period and thereafter, until specific investment directions are provided by the City to the Trustee. All Permitted Investments shall be acquired subject to the limitations as to maturities hereinafter set forth in this Section 5.07 and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City.

Moneys in the Bond Reserve Account shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier, or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or in order to replenish the Bond Reserve Account. Moneys in the remaining funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to this Indenture shall, when received, remain in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, 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 for the credit of which such Permitted Investment was acquired.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any Permitted Investments 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, and, subject to the provisions of Section 9.03, the Trustee shall not be liable or responsible for any loss resulting from such investment.

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, 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 include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 5.08. Valuation and Disposition of Investments. All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the City for earnings derived from funds that have been invested.

The City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value, and the Trustee shall be deemed to have complied with such valuation to the extent it utilized an automated pricing service through its trust accounting system.

## ARTICLE VI

### COVENANTS OF THE CITY

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

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

Section 6.03. Against Encumbrances. The City shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Tidelands Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture and, with respect to the Tidelands Revenues, the pledge and lien thereon under the 2017 Indenture and as permitted by Section 6.07(b) hereof. Subject to this limitation, the City 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.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The City is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Tidelands Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the City in accordance with their terms, and the City and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Tidelands Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Records and Accounts. The City covenants that it shall keep proper books of record and accounts of the Tidelands Revenues, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Tidelands Revenues. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the principal of the Outstanding Bonds or their representatives authorized in writing, during business hours and under reasonable circumstances.

Notwithstanding the foregoing, the Tidelands Revenues, and any amounts in the Tidelands Oil Revenue Fund and the Tideland Operating Fund may be comingled for investment purposes and may be invested in any lawful investment for such funds under applicable State law and the City's investment policy as in effect from time to time.

Section 6.06. Maintenance and Collection of Tidelands Revenues. (a) The City shall not repeal, amend or otherwise modify any document, agreement, ordinance, settlement or other contractual or legal right or claim it has to receive Available Tidelands Oil Revenue and Available Tidelands Operating Revenue that would materially adversely affect the amount, or delay the receipt by the City, of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue.

(b) The City shall not amend or repeal any ordinance or resolution or any provision of its Municipal Code or Charter, which amendment or repeal would materially adversely affect the timing or amount of moneys deposited or permitted to be deposited in the Tideland Operating Fund or the Tideland Oil Revenue Fund.

(c) The Trustee shall promptly collect all amounts due to it from the City pursuant to the first paragraph of Section 5.02.

Section 6.07. Limitations on Future Obligations Secured by Tidelands Revenues.

(a) *No Obligations Superior to Bonds.* In order to protect further the availability of the Tidelands Revenues and the security for the Bonds, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a senior basis to the Bonds that are payable out of the Tidelands Revenues in whole or in part. Furthermore, the City shall not, prior to the termination of this Indenture, create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Tidelands Revenues senior to the pledge and lien created under Section 5.01 hereof.

(b) *Parity Obligations.* The City further covenants that, it will not issue or incur any obligation secured by a pledge of Tidelands Revenues on a parity with its pledge of Tidelands Revenues under Section 5.01 and its pledge of Tidelands Revenues under Section 5.01 of the 2017 Indenture ("Parity Obligations") unless:

(i) there are no existing Events of Default, as defined in Section 7.01; and

(ii) average annual aggregate Available Tidelands Oil Revenue and Available Tidelands Operating Revenue, based on actual aggregate of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue for the two Fiscal Years immediately preceding the issuance of such obligations, exceeds two and one-half (2-1/2) times the sum of (A) the then Maximum Annual Debt Service, (B) the then Maximum Aggregate Annual Debt Service, as defined in the 2017 Indenture, and (C) the maximum annual payments to be made in any Bond Year from the aggregate of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue with respect to all Parity Obligations issued or to be issued by the City.

Notwithstanding the foregoing, following the redemption in full or legal defeasance of the 2017 Bonds, the City may issue Parity Obligations that constitute Refunding Bonds without the need to comply with Sections 6.07(b)(ii).

(c) *Subordinate Obligations.* Additional obligations may be issued or incurred by the City payable from Tidelands Revenues on a basis subordinate to the Bonds.

Section 6.08. Compliance with Indenture, Contracts, Laws and Regulations. The City shall faithfully observe and perform all the covenants, conditions and requirements of this Indenture, and shall not issue or enter into any obligations secured by or payable from Tidelands Revenues in any manner other than in accordance with this Indenture and shall not take any action that would permit any default to occur hereunder, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in this Indenture, the City shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the application of the Tidelands Revenues. The City shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted, prescribed, imposed or entered by any competent governmental authority or agency applicable to or affecting the Tidelands Revenues.

Section 6.09. Prosecution and Defense of Suits. The City shall defend against every suit, action or proceeding at any time brought against the City that materially adversely affects, or in the judgment of the City could materially adversely affect, the receipt, application or disbursement of any of the Tidelands Revenues as provided in this Indenture, or involving the rights of the Trustee under this Indenture; provided, that the Trustee at its election may appear in and defend any such suit, action or proceeding.

Section 6.10. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.



Section 6.11. Waiver of Laws. The City 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 law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

Section 6.12. Maintenance of Powers. The City shall at all times maintain the powers, functions, duties and obligations now reposed in it pursuant to its Charter and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the receipt and disbursement of the Tidelands Revenues as contemplated by Section 5.02, or the observance of any of the covenants herein contained.

Section 6.13. 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 the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Certificate, including seeking mandate or specific performance by court order.

Section 6.14. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.15. 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, as applicable to the Bonds.

Section 6.16. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds, to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 6.17. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 6.18. Insurance Agreement. The City shall perform all of its obligations under the Insurance Agreement the provisions of which, by this reference, are incorporated herein. In the event of any conflict between the provisions of this Indenture and those of the Insurance Agreement, the provisions of the Insurance Agreement shall prevail.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

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

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the City in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained (other than as referred to in subsections (a) or (b) of this Section 7.01), if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if in the reasonable opinion of the City the default stated in the notice can be corrected, but not within such sixty (60) day period, such default shall not constitute an Event of Default hereunder if the City shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time;

(d) a filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the City under any applicable bankruptcy act or under any similar act which is now in effect or may be hereafter enacted unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal; or

(e) the occurrence of an Event of Default under and as such term is defined in the 2017 Indenture, or the occurrence of a default under any Parity Agreement following any grace period as may be allowed therein.

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 twenty-five percent (25%) in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, and payment of its fees and expenses, including the fees and expenses of its counsel, shall in its own name and as the Trustee of an express trust:

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

(b) bring suit upon the Bonds;

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

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

Upon the occurrence of an Event of Default, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Tidelands Revenues, *ex parte*, and without notice, and the City 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 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 Owners allowed in such proceedings, without prejudice, however, to the right of any 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 City or the Owners, as appropriate.

Section 7.03. Application of Tidelands Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Tidelands 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 reasonably necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

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

*First:* To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments

maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

Section 7.04. Trustee to Represent Bondowners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture, the Law and applicable provisions of any other 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 Bondowners, the Trustee in its discretion may and shall upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)), and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem 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 this Indenture, the Law 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 Tidelands Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Bondowners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, 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 be unjustly prejudicial to Bondowners not parties to such direction or would expose the Trustee to liability for which it has not been indemnified to its satisfaction.

Section 7.06. Limitation on Bondowners' Right to Sue. No Owner of any Bond 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 Law or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)) 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 said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted 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.

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

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

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondowners 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 Bondowners, then in every such case the City, the Trustee and the Bondowners, 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 City, the Trustee and the Bondowners 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 to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

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

## ARTICLE VIII

### THE TRUSTEE

Section 8.01. Appointment of Trustee. U.S. Bank Trust Company, National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the City for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The City agrees that it will maintain a Trustee having a corporate trust office in the State, with (or if a member of a bank holding company system, its parent holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such national banking association, bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 8.01 the combined capital and surplus of such national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest on the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 8.02. Acceptance of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder. The Trustee may conclusively

rely upon an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the City hereunder.

(d) Except as provided in Section 3.01, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a 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 Owners of Bonds, whether or not such committee shall represent the Owners of the majority of the Bonds.

(e) The Trustee shall be protected in acting, in good faith and without negligence, upon any notice, request, consent, certificate, order, affidavit, letter, telegram, requisition, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Bond Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the City as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 8.02(h) hereof, shall also be at liberty to accept a Certificate of the City to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence



or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except failure by the City to make any of the payments to the Trustee required to be made by the City pursuant hereto or failure by the City to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the City, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) Upon reasonable prior written notice and at reasonable times the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not any duty) fully to inspect all books, papers and records of the City pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the City to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under Article VII hereof or this Article VIII at the request or direction of the Owners, the Trustee may require payment or reimbursement of its fees and expenses, including fees and expenses of counsel and receipt of an indemnity bond satisfactory to it from the Owners to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken. Before being required to take any action, the Trustee may require an opinion of counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

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

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document.

(o) The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract for purchase of the Bonds have been met on the closing date or, that all documents required to be delivered on the Closing Date to the parties are actually delivered, except its own responsibility to receive the proceeds of the sale, deliver the Bonds or other certificates expressly required to be delivered by it and its counsel.

The Trustee may assume that parties to the contract for purchase of the Bonds have waived their rights to receive documents or to require the performance of procedures if the parties to whom such documents are to be delivered or for whom such procedures are to be performed do not require delivery or performance on or prior to the Closing Date.

(p) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(q) 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 project, malicious mischief, condemnation, and unusually severe weather or delays of

suppliers or subcontractors due to such causes or any similar even and/or occurrences beyond the control of the Trustee.

(r) 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 certificate of the City, and such certificate 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 certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(s) 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 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 whenever a person is to be added or deleted from the listing. If the City 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 understands and agrees 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 shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee 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 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 agrees: (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; (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.

(t) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(u) The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion 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.

Section 8.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

Section 8.04. Notice to Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 8.02(h) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; *provided, however,* that unless such Event of Default consists of the failure by the City to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee's knowledge thereof, give such notice to the Owners unless the Trustee in good faith determines that it is in the best interests of the Owners not to give such notice.

Section 8.05. Intervention by Trustee. In any judicial proceeding to which the City is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Owners of any of the Bonds, the Trustee may intervene on behalf of such Owners, and subject to Section 8.02(l) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) of the Bonds.

Section 8.06. Removal of Trustee. The Owners of a majority of the Bonds may at any time, and the City may, at any time, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee, whereupon the City shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 8.01.

Section 8.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time give written notice of its intention to resign as Trustee hereunder, such notice to be given to the City by first class mail. Upon receiving such notice of resignation, the City shall promptly

appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the City shall cause notice thereof to be given by first class mail, postage prepaid, to the Owners at their respective addresses set forth on the Bond Registration Books.

Section 8.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 8.06 or 8.07, respectively, and if the City shall promptly appoint a successor Trustee. In the event the City shall for any reason whatsoever fail to appoint a successor Trustee within sixty (60) days following the delivery to the Trustee of the instrument described in Section 8.06 or within sixty (60) days following the receipt of notice by the City pursuant to Section 8.07, the Trustee may, at the expense of the City, apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 8.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the City purporting to appoint a successor Trustee following the expiration of such ninety-day period.

Within sixty (60) days following the appointment of a successor Trustee hereunder, the former Trustee shall deliver to such successor Trustee (a) all funds and amounts held by the former Trustee hereunder, and (b) any and all information and documentation as may be required or reasonably requested by the City or such successor Trustee in connection with the transfer to such successor Trustee of all the duties and functions of the Trustee hereunder. The City shall pay the reasonable costs and expenses of such former Trustee incurred in connection with such transfer.

Section 8.09. Merger or Consolidation. Any company into which the Trustee 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 Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 8.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee and also to the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the City, or of the Trustee's successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the

predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Section 8.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 8.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the City be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.12. Indemnification; Limited Liability of Trustee. The City covenants and agrees to indemnify and hold the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the reasonable costs and expenses of defending against any claim of liability or arising out of any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure utilized in connection with the sale of the Bonds, but excluding any and all losses, expenses and liabilities which are due to the negligence or misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any

action taken or omitted to be taken by it in accordance with the direction of the Owners of at least a majority of the principal amount of the Bonds relating to the time, method and place of exercising any trust or power or conducting any proceeding or remedy available to the Trustee under this Indenture of for any special, indirect, consequential or punitive damages. The obligations of the City hereunder shall survive the resignation or removal of the Trustee, or the discharge of this Indenture.

Section 8.13. Trustee Reporting Obligations, and City Assistance. (a) The Trustee hereby agrees to and shall: (i) not later than thirty (30) days prior to each Filing Date request that the City provide the applicable information to complete the Annual Report for the related Reporting Period; and (ii) on or before each Filing Date, the Trustee shall file with California Debt and Investment Advisory Commission ("CDIAC") the Annual Report. The Annual Report shall be filed with CDIAC in such form or forms as directed by CDIAC (including, but not limited to, via an electronic online form as CDIAC may provide from time to time).

(b) The City hereby agrees to: (i) provide the Trustee with the applicable information in a timely manner (but upon written request of the Trustee to the City, no later than the latest of fifteen (15) days prior to the Filing Date if the City receives the written request from the Trustee at least thirty (30) days prior to the Filing Date) in order for the Trustee to complete the Annual Report and submit the Annual Report to CDIAC; and (b) provide any other cooperation to the Trustee, upon its written request, in the completion of the Annual Report and the submission of the Annual Report with CDIAC.

(c) The City hereby agree to review the information in each Annual Report prior to the Trustee submitting the respective Annual Report to CDIAC.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE

#### Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section 9.01. No such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, provided in this Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Tidelands Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such Tidelands Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondowners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the City and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Bondowners at the addresses shown on the Bond Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the City, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City, provided, that no such covenant, agreement,



pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Bonds;

(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 City may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(iii) to make such additions, deletions or modifications as may be necessary to assure exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

(c) No such Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent thereto; nor shall the Trustee be required to consent to any such Supplemental Indenture which affects its rights or obligations hereunder.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article IX or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and complies with the terms hereof.

Section 9.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective 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 City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article X may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Trust 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 Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the City and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the City and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Trust Office of the Trustee, without cost to any Bondowner,

for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE X

### DEFEASANCE

Section 10.01. Discharge of Indenture. If the City shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal and interest, or;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion of (including all principal and interest) at or before maturity;

then, subject to the provisions of the Insurance Agreement and to the payment of all amounts owed to the Insurer, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tidelands Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the City under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the City hereunder in Sections 6.14 through and including 6.18, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the City under Section 8.12 hereof, and (d) the obligation of the City to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the City shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the City has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due to the Trustee pursuant to Section 8.03 shall be paid over to the City.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.01) to pay any Outstanding Bond upon or prior to its maturity, then all liability of the City in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Owner thereof shall be entitled to payment of the principal of and interest to the maturity on such Bond by the City, and the City shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for such payment, provided further, however, that the provisions of Section 10.04 shall apply in all events.

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

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

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity; or

(b) Defeasance Obligations the principal of and interest on which when due will provide money sufficient, in the opinion of Bond Counsel or an Independent Accountant, to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, as such principal and interest become due, provided that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the City) to apply such money to the payment of such principal and interest with respect to such Bonds.

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable at maturity, if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture, and 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, as the case may be, may (at the cost of the City) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the Owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Liability of City Limited to Tidelands Revenues. Notwithstanding anything contained in this Indenture or in the Bonds, the City shall not be required to advance any moneys derived from any source other than the Tidelands Revenues and other assets pledged under this Indenture for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the City 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 or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Bondowners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the City, the Authority, the Trustee, the Insurer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Authority, the Trustee, the Insurer and the Owners of the Bonds. The Authority is an intended beneficiary of the provisions of Section 3.01(a)(ii) hereof.

Section 11.04. Waiver of Notice. Whenever the giving of notice by mail or otherwise is required in this Indenture, 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.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the City.

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

pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class, registered or certified mail, postage prepaid, to the address (or such other address as may have been filed with the Trustee in writing) set forth below:

To the City:	City of Long Beach 411 West Ocean Boulevard, 6th Floor Long Beach, CA 90802 Attention: City Treasurer
To the Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Services Reference: Long Beach Tideland

To the Insurer:

Section 11.08. Evidence of Rights of Bondowners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondowners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondowners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the City 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 registered Bonds shall be proved by the Bond Registration Books held by the Trustee.

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

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 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 establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the City shall specify in a Certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such Certificate.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of registered 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 without liability for interest thereon for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

Section 11.11. Funds and Accounts. Any fund 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 shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

Section 11.12. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and

not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 11.13. Waiver of Personal Liability. No member of the City Council, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member of the City Council, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.14. 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 City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15. Governing Law. This Indenture shall be construed in accordance with and governed by the laws of the State, applicable to contracts made and performed in the State.



IN WITNESS WHEREOF, the CITY OF LONG BEACH, CALIFORNIA, has caused this Indenture to be signed in its name by the Director of Financial Management, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

CITY OF LONG BEACH, CALIFORNIA

By: \_\_\_\_\_  
Director of Financial Management

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

By: \_\_\_\_\_  
Authorized Signatory

12001.43:J18371

EXHIBIT A

FORM OF BOND

United States of America  
State of California  
County of Los Angeles

CITY OF LONG BEACH  
TIDELANDS REVENUE REFUNDING BONDS,  
SERIES 2022

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
____%	November 1, ____	August __, 2022	54245H ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The CITY OF LONG BEACH, CALIFORNIA, a municipal corporation and chartered city duly organized and existing under its charter and the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to October 15, 2022, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing November 1, 2022. The principal amount of this Bond is payable at the principal corporate trust office of U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment

Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

This Bond is one of a series of Bonds of various maturities designated as "City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022" (the "Bonds"), issued pursuant to the provisions of Division 1 of Chapter 3.52 of Title 3 of the Long Beach Municipal Code in the aggregate principal amount of \$\_\_\_\_\_, all of like tenor (except for such variations, if any, as may be required to designate varying numbers, maturities or interest rates), issued under and pursuant to an Indenture of Trust (the "Indenture") dated as of August 1, 2022, by and between the City and the Trustee, and approved by the City by Resolution No. RES-22-\_\_\_\_, adopted by the City Council of the City on August 2, 2022. A copy of the Indenture is on file at the office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Law is made for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tidelands Revenues, as that term is defined in the Indenture, and the rights of the Owners of the Bonds. All the terms of the Indenture and the Law are hereby incorporated herein and constitute a contract between the City and the Owners from time to time of this Bond, and to all the provisions thereof the Owner of this Bond, by his acceptance hereof, consents and agrees. The Registered Owner and subsequent Owner hereof shall have recourse to all of the provisions of the Law and the Indenture and shall be bound by all of the terms and conditions thereof.

The Bonds are being issued to refund bonds issued by the Long Beach Bond Finance Authority related to the Aquarium of the Pacific. The Bonds are special obligations of the City and are payable, as to interest thereon, principal thereof from the Tidelands Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, the Tidelands Revenues. The City has issued its City of Long Beach Tidelands Revenue Bonds, Series 2017A (Aquarium of the Pacific Project) and its City of Long Beach Taxable Tideland Revenue Bonds, Series 2017B (Queen Mary Improvements) (collectively, the "2017 Bonds") that are secured by a pledge of the Tidelands Revenues on a parity with the pledge thereof under the Indenture. Additional obligations of the City payable from the Tidelands Revenues may be issued on a parity with the Bonds and the 2017 Bonds, but only subject to the conditions and limitations contained in the Indenture.

The principal of and interest on the Bonds are payable solely from the Tidelands Revenues, and the City is not obligated to pay the Bonds except from the Tidelands Revenues. The general fund of the City is not liable, and the full faith and credit or taxing power of the City is not pledged, for the payment of the principal of and interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income or receipts, except the Tidelands Revenues.

The Bonds are not subject to redemption prior to their respective stated maturities.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the books of the City kept for that purpose at the office of the Trustee, by the Owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds, without coupons, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange herefor, as provided in the Indenture, and upon the payment of charges, if any, including, after the first exchange, the cost of preparing new Bonds therein prescribed.

The rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture. No such modification or amendment shall permit a change in the maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, all as more fully set forth in the Indenture.

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

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

IN WITNESS WHEREOF, the City of Long Beach, California, has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Director of Financial Management and the manual or facsimile signature of its City Clerk all as of the Bond Date stated above.

CITY OF LONG BEACH, CALIFORNIA

By: \_\_\_\_\_  
Director of Financial Management

ATTEST:

By: \_\_\_\_\_  
City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated and registered on \_\_\_\_\_.

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

By \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

---

whose address and social security or other tax identifying number is

---

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)

---

attorney, to transfer the same on the Bond 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.

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

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**ESCROW AGREEMENT**

**by and between the**

**LONG BEACH BOND FINANCE AUTHORITY**

**and**

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Escrow Bank**

**dated as of August 1, 2022**

**relating to:  
Long Beach Bond Finance Authority  
2012 Refunding Revenue Bonds  
(Aquarium of the Pacific Project)**

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### EXHIBIT A SCHEDULES OF PAYMENTS ON PRIOR BONDS

## ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), dated as of August 1, 2022, is by and between the LONG BEACH BOND FINANCE AUTHORITY, a joint powers authority organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Prior Trustee (as defined herein) and acting as escrow bank hereunder (the "Escrow Bank").

### *RECITALS:*

WHEREAS, the Authority has issued its Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) (the "Prior Bonds"), under an Indenture of Trust, dated as of March 1, 2012 (the "Prior Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, successor to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Prior Trustee"); and

WHEREAS, the City of Long Beach, California (the "City") has determined at this time to issue its \$\_\_\_\_\_ City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the "2022 Bonds") under an Indenture of Trust, dated as of August 1, 2022 (the "2022 Indenture"), between the City and U.S. Bank Trust Company, National Association, as trustee (the "2022 Trustee"), for the purpose of providing funds to currently refund and legally defease the Prior Bonds; and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of the Prior Bonds in full, pursuant to and in accordance with the provisions of Section 10.01(b) of the Prior Indenture.

### *AGREEMENT:*

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

Section 1. Establishment of Escrow Fund. There is hereby created an escrow fund (the "Escrow Fund") to be held in trust by the Escrow Bank as an irrevocable escrow securing the payment of the Prior Bonds, as hereinafter set forth. The Escrow Bank shall administer the Escrow Fund as provided in this Agreement. All amounts in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the principal of and interest and premium, if any, on the Prior Bonds in accordance with the provisions of this Agreement and the Prior Indenture. If at any time the Escrow Bank shall receive actual knowledge that the balance in the Escrow Fund will

not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds. The Escrow Bank shall have no obligation whatsoever to use its own funds to cure any such deficiency.

Section 2. Deposit into Escrow Fund; Investment of Amounts. Concurrent with issuance of the 2022 Bonds on August \_\_, 2022, the Authority shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$\_\_\_\_\_ in immediately available funds, which shall be derived from (a) the proceeds of sale of the 2022 Bonds in the amount of \$\_\_\_\_\_, and (b) the moneys on deposit in the various funds established under Section 5.01 of the Prior Indenture in the aggregate amount of \$\_\_\_\_\_.

All amounts deposited into the Escrow Fund pursuant to the preceding paragraph shall be held in cash, uninvested. Funds deposited with and held by the Escrow Bank in the Escrow Fund shall be used solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set off against the funds at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. All funds in the Escrow Fund shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest and premium, if any, on the Prior Bonds in accordance with the schedule set forth in Exhibit A attached hereto and by this reference incorporated herein. Following payment in full of the principal of and interest and premium, if any, on the Prior Bonds, all amounts on deposit in the Escrow Fund shall be transferred by the Escrow Bank on \_\_\_\_\_, 2022, to the 2022 Trustee.

Section 4. Application of Proceeds from Prior Bond Funds. Upon receipt by the Escrow Bank from the Prior Trustee under the Prior Indenture of certain amounts remaining on deposit in the funds and accounts established under the Prior Indenture as of the date of delivery of the 2022 Bonds, such amount received shall be applied by the Escrow Bank, or transferred by the Escrow Bank, as Prior Trustee, as follows:

(a) all amounts on deposit in the revenue fund established under Section 5.01(c)(i) of the Prior Indenture shall be deposited by the Escrow Bank in the Escrow Fund;

(b) all amounts on deposit in the operating and maintenance fund established under Section 5.01(c)(ii) of the Prior Indenture, shall be transferred to the Aquarium of the Pacific ("AOP") pursuant to written instructions provided by AOP to the Escrow Bank on the date of issuance of the 2022 Bonds (the "AOP Instructions");

(c) any amounts on deposit in the operating reserve fund established under Section 5.01(c)(iii) of the Prior Indenture shall be transferred to AOP pursuant to the AOP Instructions;

(d) any amounts on deposit in the rebate fund established under Section 5.01(c)(iv) of the Prior Indenture shall be transferred to the City;

(e) any amounts on deposit in the bond fund established under Section 5.01(c)(v) of the Prior Indenture shall be deposited by the Escrow Bank in the Escrow Fund;

(f) any amounts on deposit in the bond reserve fund established under Section 5.01(c)(vi) of the Prior Indenture shall be deposited by the Escrow Bank in the Escrow Fund;

(g) any amounts on deposit in the renewal and replacement fund established under Section 5.01(c)(vii) of the Prior Indenture shall be transferred to AOP pursuant to the AOP Instructions;

(h) of the amounts on deposit in the surplus fund established under Section 5.01(c)(viii) of the Prior Indenture \$15,560,000 shall be deposited by the Escrow Bank in the Escrow Fund, and any remaining amount shall be transferred to AOP pursuant to the AOP Instructions; and

(i) all amounts in the in lieu renewal operating and maintenance expense account described in Section 5.01(c)(ix) of the Prior Indenture shall be transferred to AOP pursuant to the AOP Instructions.

After making the foregoing deposits and transfers, any other amounts remaining on deposit in or accruing to any funds and accounts established under the Prior Indenture held by the Escrow Bank as Prior Trustee thereunder shall be transferred in immediately available funds to the 2022 Trustee, to be deposited by the 2022 Trustee in the bond fund established under Section 5.01 of the 2022 Indenture. In addition, any investment earnings on funds held by the Prior Trustee under the Prior Indenture which are posted after the date of the foregoing transfers, shall be remitted by the Escrow Bank to the 2022 Trustee for deposit by the 2022 Trustee in the bond fund established under Section 5.01 of the 2022 Indenture.

Section 5. Application of Certain Terms of the Prior Indenture. All of the terms of the Prior Indenture relating to the making of payments of the principal of, and interest and premium on, the Prior Bonds, are incorporated in this Agreement as if set forth in full herein.

Section 6. Proceedings for Redemption of Prior Bonds. The Authority has irrevocably elected to redeem all of the outstanding Prior Bonds in full on \_\_\_\_\_, 2022, pursuant to the provisions of Section 4.01(a) of the Prior Indenture. It is hereby acknowledged that a conditional notice of the redemption of the Prior Bonds was given by the Escrow Bank, in its capacity as the Prior Trustee, on \_\_\_\_\_, 2022, in accordance with Section 4.03 of the Prior Indenture.

Section 7. Compensation to Escrow Bank. The Authority shall pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees (including fees of outside counsel and the allocated costs of internal attorneys) and other costs and expenses relating hereto. Under no circumstances shall any amounts deposited in or credited to the Escrow Fund be deemed to be

available for said purposes. The obligation of the Authority under this Section 7 to pay compensation to the Escrow Bank shall survive termination of this Agreement and shall survive the resignation or removal of the Escrow Bank.

Section 8. 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 Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be fully protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement. The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct.

The Authority covenants to indemnify, defend and hold harmless the Escrow Bank and its officers, employees, directors, and agents, against any loss, liability or expense, including reasonable legal fees (including the reasonable fees of outside counsel and internal attorneys), incurred in connection with the performance of any of the duties of Escrow Bank hereunder, except the Escrow Bank shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. The indemnity provided in this Section 8 shall survive the termination of this Agreement and shall survive the resignation or removal of the Escrow Bank.

The Escrow Bank shall have such duties as are expressly set forth herein and no implied duties shall be read into this Agreement against the Escrow Bank. The Escrow Bank shall not be liable for any act or omission of the Authority under this Agreement or the Prior Indenture. The Escrow Bank shall not be responsible for any of the recitals herein or any of the representations of the Authority herein.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of moneys or the Escrowed Federal Securities deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds.

The Escrow Bank shall incur no liability for losses arising from any investment or other disposition made pursuant to and in accordance with this Agreement.

Any bank, federal savings association or trust company into which the Escrow Bank may be merged or with which it may be consolidated shall become the Escrow Bank without any action of the Authority.

The Escrow Bank shall have no liability or obligation to the owners of the Prior Bonds or the 2022 Bonds with respect to the payment of debt service by the Authority or with respect to the observance or performance by the Authority of the other conditions, covenants and terms contained in the Prior Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Authority pursuant to the Prior Indenture.

The Escrow Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on any certificate or opinion furnished to it in accordance with this Agreement or the Prior Indenture. The Escrow Bank may consult with counsel, whose opinion shall be full and complete authorization and protection to the Escrow Bank if it acts in accordance with such opinion.

The Escrow Bank shall not be liable for any error of judgment made in good faith by an authorized officer.

Nothing herein should be interpreted to require the Escrow Bank to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights hereunder, unless it believes that repayment of such funds or adequate indemnity against such risk or liability is assured. The Escrow Bank shall provide the Authority with seven days' notice prior to making any advance of its own funds hereunder, and, if the Authority does not provide moneys in the amount needed, the Escrow Bank shall be entitled to interest on the amounts advanced at a rate equal to the then 3-month certificates of deposit rate (by reference to the *Wall Street Journal*); provided that no such prior notice shall need to be given and such interest on amounts advanced shall accrue from the date of any such advance following the occurrence of a default by the Authority hereunder.

Any corporation succeeding to all or substantially all of the corporate trust business of the Escrow Bank shall be the successor of the Escrow Bank hereunder, without the execution or filing of any paper or any further act on the part of the any of the parties hereto.

Section 9. Resignation of Escrow Bank. The Escrow Bank may at any time resign by giving written notice to the Authority, which notice shall indicate the date on which the resignation is to be effective (the "resignation date"). The Authority shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank on the resignation date will be effective only upon acceptance of appointment on or before such resignation date by a successor Escrow Bank. If the Authority does not appoint a successor Escrow Bank by the resignation date, the Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Bank.

Section 10. Amendment. This Agreement may be amended or modified by the parties hereto, but only if there shall have been filed with the Authority and the Escrow Bank (a) a written opinion of Bond Counsel (as defined in the Prior Indenture) stating that such amendment will not materially adversely affect the interests of the owners of the Prior Bonds, and (b) a certification of an independent certified public accountant that the amounts on deposit in the Escrow Fund are in an amount at all times at least sufficient to make the payments specified in Section 3 hereof.

Section 11. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Escrow Bank in trust for the payment and discharge of the principal of, and the interest and any premium on, the Prior Bonds which remains unclaimed

for two (2) years after the redemption date for the Prior Bonds set forth in Section 6 shall be repaid by the Escrow Bank to the Authority as its absolute property free from any trust, and the Escrow Bank shall thereupon be released and discharged with respect thereto and the owners of such Prior Bonds shall look only to the Authority for the payment of the principal of, and interest and any premium on, such Prior Bonds. Any right of any Prior Bondowner to look to the Authority for such payment shall survive only so long as required under applicable law.

Section 12. Execution in Counterparts. This 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 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

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

LONG BEACH BOND FINANCE AUTHORITY

By: \_\_\_\_\_  
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Escrow Bank

By: \_\_\_\_\_  
Authorized Officer

[signature page to Escrow Agreement – Aquarium of the Pacific refunding]

12001.43:J18373



EXHIBIT A

SCHEDULE OF PAYMENTS ON PRIOR BONDS

<u>Redemption Date</u>	<u>Interest</u>	<u>Called Principal</u>	<u>Total</u>
_____, 2022	\$ _____	\$ _____	\$ _____

Quint & Thimmig LLP

6/14/22  
7/1/22

**AFTER RECORDATION RETURN TO:**

Quint & Thimmig LLP  
900 Larkspur Landing Circle, Suite 270  
Larkspur, CA 94939-1726  
Attention: Paul J. Thimmig, 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.

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**TERMINATION AGREEMENT**

**by and between the**

**CITY OF LONG BEACH, CALIFORNIA**

**and the**

**LONG BEACH BOND FINANCE AUTHORITY**

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Relating to the Site Lease,  
dated as of April 1, 2001, as amended, between the  
City of Long Beach and the Long Beach Bond Finance Authority

## TERMINATION AGREEMENT

This TERMINATION AGREEMENT, dated as of August 1, 2022, is by and between the CITY OF LONG BEACH, CALIFORNIA (the "City"), and the LONG BEACH BOND FINANCE AUTHORITY (the "Authority").

### RECITALS:

WHEREAS, the City has leased certain real property described on Exhibit A hereto (the "Site") to the Authority pursuant to a Site Lease, dated as of April 1, 2001 (the "Original Site Lease"), as amended by a First Amendment to Site Lease dated as of March 1, 2012 (the "First Amendment"), each between the City and the Authority; and

WHEREAS, in connection with the issuance of its Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) (the "2012 Bonds"), the Authority has subleased the Site to the Aquarium of the Pacific ("AOP") pursuant to a Lease Agreement, dated as of April 1, 2001, between the Authority and AOP, as amended by an Implementation Agreement as in effect from time to time between the City and AOP and by a First Amendment to Lease Agreement, dated as of March 1, 2012, between the Authority and AOP (together, the "Lease Agreement"); and

WHEREAS, the City is now issuing its City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the "2022 Bonds") proceeds of which are to be used, together with certain other funds held with respect to the 2012 Bonds, to redeem all of the outstanding 2012 Bonds; and

WHEREAS, in connection with the issuance of the 2022 Bonds and the redemption of the 2012 Bonds, the Authority will terminate the Lease Agreement and the City and the Authority now desire to terminate the Site Lease.

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 as follows:

#### *Section 1. Termination.*

(a) By virtue of the refunding of the 2012 Bonds, all obligations of the Authority under the Site Lease shall cease and terminate.

(b) In accordance with the foregoing, the following agreements are hereby terminated and are of no further force or effect:

1. Site Lease, recorded on May 3, 2001, as Document No. 01-0755864, Official Records of Los Angeles County; and

2. First Amendment to Site Lease, recorded on April 2, 2012, as Document No. 20120497639, 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 the foregoing documents.

*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: \_\_\_\_\_  
Director of Financial Management

LONG BEACH BOND FINANCE AUTHORITY

By \_\_\_\_\_  
Treasurer

12001.43:J18388

## NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
County of \_\_\_\_\_ } ss.

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [Seal]  
Notary Public

## NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_

} SS.

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public  
DateName and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [Seal]  
Notary Public

## EXHIBIT A

### DESCRIPTION OF THE SITE

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

PARCEL M (AQUARIUM SITE):

THAT PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 1, 1911 CHAPTER 676, PAGE 1304, AS AMENDED, LYING IN SAID CITY, COUNTY OF LOS ANGELES, SAID STATE, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF PINE AVENUE (NORTH) AND SEASIDE WAY, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 14039, RECORDED APRIL 12, 1983, IN BOOK 161, PAGES 3 THROUGH 5, RECORDS OF SAID COUNTY, THENCE SOUTH 89 DEGREES 51' 47" WEST 5.00 FEET ALONG THE CENTERLINE OF SAID SEASIDE WAY (SHOWN AS SOUTH 89 DEGREES 52' 02" WEST ON SAID PARCEL MAP) TO THE INTERSECTION OF PINE AVENUE (SOUTH) WITH SEASIDE WAY AS ESTABLISHED NOVEMBER 12, 1991, PER DRAWING NO. C-5271, SHEET 5, ON FILE IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF LONG BEACH; THENCE ALONG THE CENTERLINE OF SAID PINE AVENUE SOUTH 0 DEGREES 05' 17" EAST 737.01 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 300.00 FEET; THENCE SOUTHERLY 134.98 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25 DEGREES 46' 46", THENCE SOUTH 25 DEGREES 41' 29" WEST 167.74 FEET TO THE INTERSECTION OF SAID PINE AVENUE (SOUTH) AND THE HORIZONTAL CONTROL LINE FOR SHORELINE DRIVE WESTBOUND, SAID INTERSECTION HAVING THE COORDINATES NORTH 4,026,194.76; EAST 4,229,710.80 OF ZONE 7 OF THE CALIFORNIA COORDINATE SYSTEM, NAD 27, AS SHOWN ON DRAWING NO. H207, SHEET 32, ON FILE IN THE OFFICE OF SAID CITY ENGINEER; THENCE SOUTH 25 DEGREES 41' 29" WEST 32.00 FEET TO THE INTERSECTION OF PINE AVENUE (SOUTH) AND THE HORIZONTAL CONTROL LINE FOR SHORELINE DRIVE EASTBOUND; THENCE CONTINUING ALONG SAID SHORELINE DRIVE EASTBOUND HORIZONTAL CONTROL LINE NORTH 64 DEGREES 18' 31" WEST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 2032.00 FEET; THENCE NORTHWESTERLY 133.30 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 3 DEGREES 45' 31" TO A TANGENT LINE; THENCE NORTH 60 DEGREES 33' 00" WEST 368.08 FEET TO THE INTERSECTION OF THE SHORELINE DRIVE EASTBOUND HORIZONTAL CONTROL LINE WITH THE CENTERLINE OF THE PROPOSED AQUARIUM ROADWAY; THENCE ALONG SAID CENTERLINE OF THE PROPOSED AQUARIUM ROADWAY SOUTH 29 DEGREES 27' 00" WEST 90.34 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 358.07 FEET; THENCE SOUTHWESTERLY 334.83 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53 DEGREES 34' 40" TO A TANGENT LINE; THENCE SOUTH 83 DEGREES 01' 40" WEST 163.03 FEET; THENCE NORTH 56 DEGREES 42' 21" WEST 183.37 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 121.08 FEET; THENCE ALONG A RADIAL LINE TO SAID CURVE SOUTH 33 DEGREES 17' 39" WEST 35.00 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT HAVING COORDINATES NORTH 4,026,254.86; EAST 4,228,501.67 OF SAID COORDINATE SYSTEM; THENCE SOUTH 56 DEGREES 42' 21" EAST 104.81 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST AND HAVING A RADIUS OF 20.00 FEET; THENCE SOUTHWESTERLY AND SOUTHERLY 18.83 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53 DEGREES 56' 38" TO THE BEGINNING OF REVERSE CURVE CONCAVE TO THE EAST AND HAVING A RADIUS OF 100.00 FEET; THENCE SOUTHERLY, SOUTHEASTERLY, AND EASTERLY 154.97 FEET ALONG



SAID CURVE THROUGH A CENTRAL ANGLE OF 88 DEGREES 47' 31" TO A NON-TANGENT LINE; THENCE SOUTH 25 DEGREES 38' 58" EAST 85.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 435.00 FEET TO WHICH POINT A RADIAL OF LAST SAID CURVE BEARS NORTH 34 DEGREES 18' 13" WEST; THENCE SOUTHWESTERLY AND SOUTHERLY 524.62 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 69 DEGREES 06' 01" TO A NON-TANGENT LINE; THENCE SOUTH 76 DEGREES 35' 46" WEST 21.45 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 133.33 FEET TO WHICH POINT OF CUSP A RADIAL OF LAST SAID CURVE BEARS SOUTH 72 DEGREES 13' 19" EAST; THENCE SOUTHWESTERLY, WESTERLY AND NORTHWESTERLY 341.80 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 146 DEGREES 52' 56" TO A NON-TANGENT LINE; THENCE NORTH 90 DEGREES 00' 00" WEST 107.56 FEET TO A NON-TANGENT CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 153.00 FEET AND FROM WHICH POINT A RADIAL BEARS SOUTH 75 DEGREES 05' 02" EAST; THENCE NORTHERLY 46.14 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17 DEGREES 16' 39" TO A TANGENT LINE; THENCE NORTH 2 DEGREES 21' 41" WEST 30.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 355.88 FEET; THENCE NORTHERLY AND NORTHEASTERLY 184.99 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 29 DEGREES 47' 00" TO A TANGENT LINE; THENCE NORTH 27 DEGREES 25' 19" EAST 181.12 FEET TO A TANGENT CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 265.00 FEET; THENCE NORTHEASTERLY 60.34 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13 DEGREES 02' 42" TO A TANGENT LINE; THENCE NORTH 14 DEGREES 22' 37" EAST 188.83 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 86.08 FEET; THENCE NORTHEASTERLY, EASTERLY, AND SOUTHEASTERLY 163.64 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 108 DEGREES 55' 02" TO THE TRUE POINT OF BEGINNING.

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2022****NEW ISSUE—BOOK-ENTRY ONLY****RATING: [Moody's]: “\_\_”  
See “RATING” herein.**

*In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject however, to certain qualifications described in this Official Statement, under existing law, interest on the Series 2022 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 under the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Series 2022 Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS.”*

[City  
Logo]

\$ \_\_\_\_\_\*  
**City of Long Beach**  
**Tidelands Revenue Refunding Bonds,**  
**Series 2022**

**Dated: Date of Delivery****Due: November 1, as shown on the inside front cover**

The City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the “Series 2022 Bonds”) are being issued by the City of Long Beach, California (the “City”) pursuant to an Indenture of Trust to be dated as of August 1, 2022 (the “2022 Indenture”), by and between the City and U.S. Bank Trust Company, National Association, as trustee.

The Series 2022 Bonds are being issued to (a) together with other available funds, refund all of the currently outstanding Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project), which are currently outstanding in the principal amount of \$58,425,000; (b) [pay the cost of a municipal bond debt service reserve insurance policy]; and (c) pay the costs of issuance of the Series 2022 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Series 2022 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Individual purchases and sales of the Series 2022 Bonds may be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2022 Bonds. Interest on the Series 2022 Bonds will be payable on May 1 and November 1 of each year, commencing on November 1, 2022. So long as the Series 2022 Bonds are registered in the name of Cede & Co., as nominee of DTC, the principal of and interest on the Series 2022 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2022 Bonds, as more fully described herein. See “DESCRIPTION OF THE SERIES 2022 BONDS—General” and “APPENDIX F-BOOK-ENTRY ONLY SYSTEM.”

The Series 2022 Bonds are not subject to redemption prior to maturity.

The Series 2022 Bonds are secured by a pledge of (a) Tidelands Revenues; and (b) all of the moneys in the Bond Fund established pursuant to the 2022 Indenture (including the Bond Reserve Account therein), including all amounts derived from the investment of such moneys. The Series 2022 Bonds will be payable from Tidelands Revenues on a parity with the City of Long Beach Tidelands Revenue Bonds, Series 2017A (Aquarium of the Pacific Project) (the “Series 2017A Bonds”), which are currently outstanding in the principal amount of \$7,775,000, and the City of Long Beach Taxable Tidelands Revenue Bonds, Series 2017B (Queen Mary Improvements) (the “Series 2017B Bonds,” and, together with the Series 2017A Bonds, the “Series 2017 Bonds”), which are currently outstanding in the principal amount of \$9,540,000. The 2022 Indenture permits the City to issue or incur additional obligations secured by a pledge of Tidelands Revenues on a parity with its pledge of Tidelands Revenues with respect to the Series 2017 Bonds and the Series 2022 Bonds, subject to satisfaction of the conditions specified in the 2022 Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS-Additional Obligations Payable From Tidelands Revenues.”

**The principal of and interest on the Series 2022 Bonds are payable solely from Tidelands Revenues and the other amounts pledged therefor pursuant to the 2022 Indenture, and the City is not obligated to pay the principal of and interest on the Series 2022 Bonds except from Tidelands Revenues and such other amounts.**

\* Preliminary; subject to change.

**The general fund of the City is not liable, and the full faith and credit or taxing power of the City is not pledged, for the payment of the principal and interest on the Series 2022 Bonds. The Series 2022 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income or receipts, except Tidelands Revenues and amounts in certain funds and accounts established under the 2022 Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” and “RISK FACTORS.”**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or terms of the Series 2022 Bonds. Investors must read this entire Official Statement to obtain information essential to the making of an informed decision with respect to the Series 2022 Bonds, giving particular attention to the matters discussed under “RISK FACTORS.” Capitalized terms used on this cover page and not otherwise defined hereon have the meanings set forth herein.

*The Series 2022 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Quint & Thimmig LLP, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the City, for City by the City Attorney of the City of Long Beach, California, and for the Underwriters by their counsel, Kutak Rock LLP. It is anticipated that the Series 2022 Bonds will be available for delivery through the facilities of DTC on or about August \_\_, 2022.*

**Morgan Stanley**

**Cabrera Capital Markets, LLC**

**Stern Brothers**

Date of Official Statement: \_\_\_\_\_ \_\_, 2022.

## MATURITY SCHEDULE

\$ \_\_\_\_\_\*  
**City of Long Beach**  
**Tidelands Revenue Refunding Bonds, Series 2022**

<b>Maturity Date (November 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP No. †</b>
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					

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\* Preliminary; subject to change.

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

**CITY OF LONG BEACH, CALIFORNIA**

***MAYOR AND CITY COUNCIL***

Dr. Robert Garcia  
*Mayor*

Rex Richardson,  
*Vice Mayor, Ninth District*

Mary Zendejas, <i>First District</i>	Stacy Mungo, <i>Fifth District</i>
Cindy Allen, <i>Second District</i>	Suely Saro, <i>Sixth District</i>
Suzie Price, <i>Third District</i>	Roberto Uranga, <i>Seventh District</i>
Daryl Supernaw, <i>Fourth District</i>	Al Austin, <i>Eighth District</i>

***CITY OFFICIALS AND STAFF***

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*City Manager*

Linda F. Tatum  
*Assistant City Manager*

Kevin Riper  
*Director of Financial Management*

David S. Nakamoto  
*Interim City Treasurer*

Charles Parkin  
*City Attorney*

Doug Haubert  
*City Prosecutor*

Laura L. Doud  
*City Auditor*

Monique De La Garza  
*City Clerk*

Richard F. Anthony  
*Principal Deputy City Attorney*

***PROFESSIONAL SERVICES***

***Bond Counsel***  
Quint & Thimmig LLP

***Disclosure Counsel***  
Stradling Yocca Carlson & Rauth, a  
Professional Corporation

***Municipal Advisor***  
KNN Public Finance, LLC

***Trustee***  
U.S. Bank Trust Company,  
National Association

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 2022 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Series 2022 Bonds other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. 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 City or the Tidelands Fund or the other matters described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement, including the appendices hereto, contains statements relating to future results that are “forward-looking statements”. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. This Official Statement is submitted in connection with the sale of the Series 2022 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Series 2022 Bonds.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE 2022 INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SERIES 2022 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2022 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2022 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The City and the Harbor Department maintain websites and certain social media accounts. The information therein is not incorporated in this Official Statement by reference and should not be relied upon in making an investment decision. Furthermore, no website mentioned in this Official Statement is part of this Official Statement or incorporated by reference into this Official Statement, whether or not the address for such website appears as an active hyperlink. Readers should not rely upon information other than provided in this Official Statement, including information presented on any such website, in determining whether to purchase the Series 2022 Bonds.

\_\_\_\_\_ (“\_\_\_”) makes no representation regarding the Series 2022 Bonds or the advisability of investing in the Series 2022 Bonds. In addition, \_\_\_ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding \_\_\_ supplied by \_\_\_ and presented under the caption “MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE.”

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## OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*

**City of Long Beach**  
**Tidelands Revenue Refunding Bonds,**  
**Series 2022**

### INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the Series 2022 Bonds being offered, and a brief description of the information in this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to this entire Official Statement. References to, and summaries of the laws of the State of California 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. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to them in the 2022 Indenture, some of which are set forth in Appendix C under the heading “DEFINITIONS.”*

#### **General**

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the appendices hereto (this “Official Statement”) is to provide certain information with respect to the City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the “Series 2022 Bonds”).

#### **Authority for Issuance**

The Series 2022 Bonds are being issued pursuant to the provisions of Division 1 of Chapter 3.52 of Title 3 of the Long Beach Municipal Code (the “Law”), and an Indenture of Trust, to be dated as of August 1, 2022 (the “2022 Indenture”), by and between the City of Long Beach, California (the “City”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

#### **Purpose of the Series 2022 Bonds**

The Series 2022 Bonds are being issued to (a) together with other available funds, refund all of the outstanding Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) (the “Refunded Bonds”), which are currently outstanding in the principal amount of \$58,425,000; (b) [[pay the cost of a municipal bond debt service reserve insurance policy (as more particularly described herein, the “Reserve Policy”)]; and (c) pay the costs of issuance of the Series 2022 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

#### **Security and Sources of Payment for the Series 2022 Bonds**

Subject to the provisions of the 2022 Indenture, the Series 2022 Bonds will be secured by a first lien on and pledge of (a) “Tidelands Revenues,” which consist of all Available Tidelands Operating Revenue (as defined in the 2022 Indenture and described herein), the Available Tidelands Operating Fund Balance (as defined in the 2022 Indenture and described herein) and all Available Tidelands Oil Revenue (as defined in the 2022 Indenture and described herein) and (b) all of the moneys in the Bond Fund established pursuant to the 2022 Indenture (including the Bond Reserve Account therein), including all amounts derived from the investment of such moneys. See “SECURITY AND SOURCES OF

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\* Preliminary; subject to change.

PAYMENT FOR THE SERIES 2022 BONDS,” and “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE 2022 INDENTURE.”

The Series 2022 Bonds will be payable from Tidelands Revenues on a parity with the City of Long Beach Tidelands Revenue Bonds, Series 2017A (Aquarium of the Pacific Project) (the “Series 2017A Bonds”), which are currently outstanding in the principal amount of \$7,775,000, and the City of Long Beach Taxable Tidelands Revenue Bonds, Series 2017B (Queen Mary Improvements) (the “Series 2017B Bonds,” and, together with the Series 2017A Bonds, the “Series 2017 Bonds”), which are currently outstanding in the principal amount of \$9,540,000. The Series 2017 Bonds were issued pursuant to the provisions of the Law and an Indenture of Trust, dated as of November 1, 2017 (the “2017 Indenture”), by and between the City and the Trustee. The 2017 Indenture and the 2022 Indenture permit the City to issue or incur additional obligations secured by a pledge of Tidelands Revenues on a parity with its pledge of Tidelands Revenues with respect to the Series 2017 Bonds and the Series 2022 Bonds (“Parity Obligations”), subject to satisfaction of the conditions specified in the 2017 Indenture and the 2022 Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS - Additional Obligations Payable From Tidelands Revenues.”

**The principal of and interest on the Series 2022 Bonds are payable solely from Tidelands Revenues and the other amounts pledged therefor pursuant to the 2022 Indenture, and the City is not obligated to pay the principal of and interest on the Series 2022 Bonds except from Tidelands Revenues and such other amounts. The general fund of the City is not liable, and the full faith and credit or taxing power of the City is not pledged, for the payment of the principal of and interest on the Series 2022 Bonds. The Series 2022 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income or receipts, except Tidelands Revenues and amounts in certain funds and accounts established under the 2022 Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” and “RISK FACTORS.”**

### **Tidelands Revenues**

Available Tidelands Operating Revenue and the Available Tidelands Operating Fund Balance consist of, among other things, revenues derived from the operation of commercial activities in the Tidelands Area (as defined herein) of the City, including an annual transfer (paid in quarterly installments) from the Harbor Department of the City (the “Harbor Department”). (The transfer from the Harbor Department is defined herein as the “5% Transfer.”) The 5% Transfer constituted approximately 41% of the amounts deposited to the Tideland Operating Fund for Fiscal Year 2020-21. The Harbor Department was created in 1931 by an amendment to the Charter of the City (the “City Charter”) to promote, develop and operate the Port of Long Beach (the “Port”), which was the number two-ranked container port in the nation in 2021 with respect to container cargo (according to the American Association of Port Authorities). The annual transfer is subject to a number of conditions specified in the City Charter, including the approval of a majority of all the members of the Board of Harbor Commissioners of the City (the “Harbor Board”) and the approval of two-thirds of the members of the City Council. See “THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND - The Tideland Operating Fund - Harbor Revenue Fund Transfers to the Tideland Operating Fund” and “THE PORT.”

Available Tidelands Operating Revenue and the Available Tidelands Operating Fund Balance also include Available Tidelands Oil Revenue transferred from the Tideland Oil Revenue Fund to the Tideland Operating Fund, which constituted approximately 26% of the amounts deposited to the Tideland Operating Fund for Fiscal Year 2020-21. See “THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND” and “AVAILABLE TIDELANDS OIL REVENUE.”

## **The City**

The City is a chartered city and municipal corporation organized and existing under its charter and the laws of the State of California (the “State”). See “THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND.”

## **Continuing Disclosure**

In connection with the issuance of the Series 2022 Bonds, for purposes of Rule 15c2-12, as amended (the “Rule”) promulgated by the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended, the City will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), certain annual financial information and operating data relating to the Tideland Operating Fund, Available Tidelands Revenue and the Port, and notices of certain enumerated events. See “CONTINUING DISCLOSURE” and “APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are forward-looking statements. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. See “RISK FACTORS—Forward-Looking Statements.”

## **Additional Information**

Brief descriptions of the Series 2022 Bonds, the 2022 Indenture, and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to the complete text of each such document, statute, report or other instrument. Copies of the 2022 Indenture are on file and available for inspection at the offices of the City Treasurer at City of Long Beach, 411 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California 90802.

Information contained herein has been obtained from officers, employees and records of the City and from other sources believed to be reliable. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriters (as defined herein) and the purchasers or Owners of any of the Series 2022 Bonds. The City and the Harbor Department maintain various websites and social media accounts, the information on which is not part of this Official Statement, is not incorporated by reference herein, and should not be relied upon in deciding whether to purchase the Series 2022 Bonds.

## PLAN OF REFUNDING

The Series 2022 Bonds are being issued to (a) together with other available funds, refund the Refunded Bonds; [(b) pay the cost of a municipal bond debt service reserve insurance policy (as more particularly described herein, the “Reserve Policy”)]; and (c) pay the costs of issuance of the Series 2022 Bonds.

The proceeds of the Refunded Bonds were used to refund prior bonds of the Long Beach Bond Finance Authority (the “Authority”). The proceeds of these prior bonds were used to pay the costs of capital improvements to the Aquarium of the Pacific facility, which has been leased by the City to the Aquarium of the Pacific, a California nonprofit public benefit corporation.

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

### Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project)

Maturity Date (November 1)	Interest Rate	Outstanding Principal Amount	Redemption Price	CUSIP <sup>†</sup>	
2022	5.00%	\$5,300,000	100%	54240T	CN1
2023	5.00	5,565,000	100	54240T	CP6
2024	5.00	5,840,000	100	54240T	CQ4
2025	5.00	6,135,000	100	54240T	CR2
2026	5.00	6,440,000	100	54240T	CS0
2027	5.00	6,760,000	100	54240T	CT8
2028	5.00	7,100,000	100	54240T	CU5
2029	5.00	7,455,000	100	54240T	CV3
2030	5.00	<u>7,830,000</u>	100	54240T	CW1
		\$58,425,000			

A portion of the proceeds of the Series 2022 Bonds, together with other available funds, will be deposited in an escrow fund (the “Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Bonds (the “Escrow Agent”) under an Escrow Agreement to be dated as of August 1, 2022, between the Authority and the Escrow Agent (the “Escrow Agreement”). The amount deposited with the Escrow Agent will be sufficient to pay the principal of and interest on the Refunded Bonds to \_\_\_\_\_, 2022 (the “Redemption Date”) and to redeem the Refunded Bonds on the Redemption Date, at redemption prices equal to 100% of the outstanding principal amount thereof plus all accrued but unpaid interest on the Refunded Bonds to the Redemption Date.

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

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2022 Bonds.

### Sources:

Principal Amount	
Original Issue Premium/Discount	
Available Amounts from Refunded Bonds <sup>(1)</sup>	
Additional Contribution <sup>(2)</sup>	
Total Sources	_____

### Uses:

Deposit to Escrow Fund	
Costs of Issuance <sup>(3)</sup>	
Total Uses	_____

(1) Consists of available amounts in the Revenue Fund, Bond Fund and Bond Reserve Fund related to Refunded Bonds.

(2) Consists of a portion of the amount available in the Surplus Fund related to the Refunded Bonds.

(3) Costs of issuance include rating agency fees, legal and municipal advisory fees, [[costs of the Reserve Policy,]] underwriters' discount and other miscellaneous expenses.

## DESCRIPTION OF THE SERIES 2022 BONDS

### General

The Series 2022 Bonds will bear interest at the rates and mature in the principal amounts on the dates set forth on the inside front cover page of this Official Statement. Interest on the Series 2022 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2022 Bonds will be dated their initial date of delivery, and will bear interest from that date payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2022 (each an "Interest Payment Date"). Interest due and payable on the Series 2022 Bonds on any Interest Payment Date will be paid to the person or persons who are the registered owners thereof (Cede & Co., so long as the book-entry system with The Depository Trust Company, New York, New York ("DTC") is in effect) as of the applicable Record Date. Each Series 2022 Bond shall bear interest from the Interest Payment Date next preceding the 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) it is authenticated on or before October 15, 2022, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2022 Bond, interest thereon is in default, such Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Series 2022 Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2022 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2022 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2022 Bonds purchased. **So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2022 Bonds, references in this Official Statement to the Owners or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Series 2022 Bonds.**

So long as Cede & Co. is the registered owner of the Series 2022 Bonds, the principal of and interest on the Series 2022 Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which will, in turn, remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

### **No Redemption of Series 2022 Bonds**

The Series 2022 Bonds are not subject to redemption prior to maturity.

### **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS**

Subject to the provisions of the 2022 Indenture, the Series 2022 Bonds will be secured by a first lien on and pledge of (a) Tidelands Revenues, which consist of all Available Tidelands Operating Revenue, the Available Tidelands Operating Fund Balance and all Available Tidelands Oil Revenue and (b) all of the moneys in the Bond Fund established pursuant to the 2022 Indenture (including the Bond Reserve Account therein), including all amounts derived from the investment of such moneys.

The Series 2022 Bonds will be payable from Tidelands Revenues on a parity with the 2017 Bonds and any future Parity Obligations, subject to satisfaction of the provisions of the 2022 Indenture and the 2017 Indenture relating thereto. See “- Existing Obligation Payable from Tidelands Revenues” and “- Additional Obligations Payable from Tidelands Revenues” below.

**The principal of and interest on the Series 2022 Bonds are payable solely from Tidelands Revenues and the other amounts pledged therefor pursuant to the 2022 Indenture, and the City is not obligated to pay principal of and interest on the Series 2022 Bonds except from Tidelands Revenues and such other amounts. The general fund of the City is not liable, and the full faith and credit or taxing power of the City is not pledged, for the payment of the principal of and interest on the Series 2022 Bonds. The Series 2022 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income or receipts, except Tidelands Revenues and amounts in certain funds and accounts established under the 2022 Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” and “RISK FACTORS.”**

### **Tidelands Revenues**

Tidelands Revenues consist of all of the Available Tidelands Operating Revenue, the Available Tidelands Operating Fund Balance and all of the Available Tidelands Oil Revenue.

“Available Tidelands Operating Revenue” is defined in the 2022 Indenture, as of any date of calculation, as all of the amounts deposited or required to be deposited in the Tideland Operating Fund during the Fiscal Year in which the date of calculation occurs pursuant to the City Charter and any and all documents, agreements, ordinances, settlements or other contractual or legal rights or claims of the City, except (a) amounts required to be paid during such Fiscal Year from the Tideland Operating Fund pursuant to the Second Amended and Restated Parking Structure-Public Facilities Sublease, by and between the City and the Hyatt Long Beach Corporation, dated as of January 27, 1995 (the “Hyatt Sublease”); (b) amounts, if any, required to be paid during such Fiscal Year from the Tideland Operating Fund pursuant to the Management Agreement (Long Beach Convention and Entertainment Center) by and between the City and the private company which manages the Convention Center, dated as of February 12, 1991, as amended from time to time (the “Convention Center Management Agreement”); (c) amounts required to be paid during such Fiscal Year to the State Department of Boating and Waterways for loans made under the Small Craft Harbor and Operation Contract (Long Beach Bulkhead Wall

Restoration and Harbormaster Office) (the “DBAW Obligations”); and (d) amounts required to be paid by the City, as lessee, under the Master Equipment Lease-Purchase Agreement, dated October 1, 2005, between the City and DeLiddo and Associates, Inc., dba DEERS, as lessor, which amounts have been assigned to Bank of Sierra (which lease relates to the roofing system for the City’s Convention and Entertainment Center) (the “Sierra Bank Lease”). See “THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND.”

“Available Tidelands Operating Fund Balance” is defined in the 2022 Indenture, as of any date of calculation, as the amount on deposit in the Tideland Operating Fund that is unencumbered and available to be expended for any purpose of the Tideland Operating Fund; but shall not include (a) any amounts needed to satisfy any of the obligations described in clauses (a) through and including (d) of the definition “Available Tidelands Operating Revenue” due in the then current Fiscal Year or due in any prior Fiscal Year but not yet paid; or (b) any amounts in any Abandonment Sub-Fund in the Tideland Operating Fund.

“Available Tidelands Oil Revenue” is defined in the 2022 Indenture, as of any date of calculation, as all of the following amounts deposited or required to be deposited in the Tideland Oil Revenue Fund during the Fiscal Year in which the calculation date occurs: (a) moneys received by the City pursuant to subdivision (e) of Section 4 of Chapter 138 of California Statutes of 1964 (First Extraordinary Session), as modified by Chapter 941 of California Statutes of 1991, (b) East Wilmington Incremental Oil Revenue (as defined in the 2022 Indenture), (c) the rental payments paid to the City pursuant to the THUMS Land Lease (as defined in the 2022 Indenture), (d) the fees paid to the City pursuant to the THUMS Pipeline License (as defined in the 2022 Indenture), (e) West Wilmington Base Oil Revenue (as defined in the 2022 Indenture), (f) West Wilmington Incremental Oil Revenue (as defined in the 2022 Indenture), and (g) Tideland’s Special Facilities and Service Charges (as defined in the 2022 Indenture), except any of the amounts described in (a) through (g) that are set-aside for (i) abandonment purposes, including, but not limited to amounts deposited to the Abandonment Sub-Fund in the Tideland Oil Revenue Fund, or (ii) maintenance and operating expenses.

Notwithstanding the foregoing, at such time in any Fiscal Year as (a) the Debt Service due in such Fiscal Year has been paid in full, (b) the amount in the Bond Reserve Account is at least equal to the then Bond Reserve Fund Requirement, and (c) any amounts owing to [RESERVE INSURER] have been paid in full, any Available Tidelands Operating Revenue and Available Tidelands Oil Revenue on hand or thereafter received by the City in such Fiscal Year, and the then Available Tidelands Operating Fund Balance, shall be free of any pledge, lien or security interest under the 2022 Indenture and may be used by the City for any lawful purpose relating to the Tidelands Area for which such revenues or fund balance may be used.

### **Flow of Funds**

Pursuant to the 2022 Indenture, the following funds and accounts will be established and maintained by the Trustee under the 2022 Indenture:

**Bond Fund.** The 2022 Indenture provides that, on each October 1, commencing October 1, 2022, the City shall transfer to the Trustee, from Tidelands Revenues, an amount equal to the scheduled debt service due on the Series 2022 Bonds in the Fiscal Year that commences on such October 1 and an amount equal to any amounts owing by the City to [RESERVE INSURER], less any amount then held by the Trustee in the Bond Fund. The Trustee shall deposit any funds so remitted to it by the City to the Bond Fund. In the event that, as of any date of transfer by the City, there are not sufficient Tidelands Revenues to make the foregoing transfer and any transfer on such date required pursuant to the 2017 Bonds and any other Parity Obligations, the City shall use the available Tidelands Revenues to make the



transfers of Tidelands Revenues required for payment of debt service on the Series 2022 Bonds and such Parity Obligations pro rata.

On each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of amounts in the Bond Fund 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:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding;

Second: to the Principal Account, the aggregate amount of principal or sinking fund payment becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any; and

Third: to the Bond Reserve Account, the amount needed to increase the amount then on deposit in the Bond Reserve Account to the Bond Reserve Fund Requirement and to pay any amounts owing by the City to [RESERVE INSURER] under the Reserve Account Insurance Policy.

As long as all of the foregoing transfers are made at the time and in the manner set forth above any moneys remaining in the Bond Fund shall, as long as the Bonds are outstanding, be treated as surplus and applied for any lawful purpose of the City, and shall be transferred to the City upon the Request of the City to the Trustee.

### **Bond Reserve Account**

The 2022 Indenture provides for the establishment of a Bond Reserve Fund in an amount equal to the Bond Reserve Fund Requirement. The “Bond Reserve Requirement” means an amount equal to the least of maximum annual debt service on the Series 2022 Bonds, 125% of average annual debt service on the Series 2022 Bonds, and 10% of the original principal amount of the Series 2022 Bonds, which amount shall initially be \$\_\_\_\_\_ on the Closing Date.

All amounts in the Bond Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of (a) paying interest on or principal of the Series 2022 Bonds when due and payable to the extent that moneys deposited in the Interest Account or Principal Account, respectively, are not sufficient for such purpose, and (b) making the final payments of principal of and interest on the Series 2022 Bonds; provided that amounts in the Bond Reserve Fund in excess of the Bond Reserve Requirement may be used to pay interest on the Series 2022 Bonds.

The Bond Reserve Requirement will be satisfied through the use of the Reserve Policy to be provided by \_\_\_\_\_ (“\_\_\_”) concurrently with the issuance of the Series 2022 Bonds. For information regarding \_\_\_, see “MUNICIPAL BOND DEBT SERVICE RESERVE POLICY.”

The 2022 Indenture provides that the Trustee draw on the Reserve Policy in accordance with the terms of the 2022 Indenture and the Insurance Agreement, in a timely manner, to the extent necessary to pay the scheduled principal of and interest on the Series 2022 Bonds to the extent there were insufficient funds in the Interest Account and the Principal Account therefor. In the event that [RESERVE INSURER] is downgraded by a rating agency, the City is not required to replace the Reserve Policy or deposit cash in the Bond Reserve Account. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE 2022 INDENTURE-FUNDS AND ACCOUNTS-Bond Reserve Account.”

### **Additional Obligations Payable From Tidelands Revenues**

The 2022 Indenture provides that the City may issue or enter into other obligations secured by or on a parity with the pledge of and lien on Tidelands Revenues pursuant to the 2017 Indenture or the 2022 Indenture (“Parity Obligations”), provided that: (a) there are no Events of Default under the 2017 Indenture and the 2022 Indenture; and (b) average annual aggregate Available Tidelands Oil Revenue and Available Tidelands Operating Revenue, based on actual aggregate Available Tidelands Oil Revenue and Available Tidelands Operating Revenue for the two Fiscal Years immediately preceding the issuance of such obligations, exceeds 2.5 times the sum of (i) Maximum Annual Debt Service; (ii) Maximum Aggregate Annual Debt Service, as defined in the 2017 Indenture; and (iii) the maximum annual payments to be made in any Bond Year from the aggregate of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue with respect to all Parity Obligations issued or to be issued by the City.

Nothing in the 2022 Indenture restricts the ability of the City to pledge or place a lien on the Available Tidelands Operating Revenue, the Available Tidelands Operating Fund Balance or the Available Tidelands Oil Revenue that is subordinate to the pledge of and lien on such funds as provided in the 2017 Indenture and the 2022 Indenture.

In addition, upon payment or defeasance of the Series 2017 Bonds, the City may issue Parity Obligations that constitute Refunding Bonds without complying with the test set forth in clause (b) of the first paragraph of this section. “Refunding Bonds” means bonds issued by the City the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that (i) the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds is less than the total interest cost to maturity on the Bonds to be refunded plus the principal amount of the Bonds to be refunded, and (ii) the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

As described in “THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND - The Tideland Operating Fund - Additional Uses of Amounts on Deposit in the Tideland Operating Fund,” the City currently anticipates that it may issue additional Parity Obligations in Fiscal Year 2022-23 in an amount sufficient to pay approximately \$25 to \$50 million of costs of the Aquatic Center (defined herein).

### **Existing Obligation Payable from Tidelands Revenues**

The Series 2022 Bonds will be payable from Tidelands Revenues on a parity with the Series 2017 Bonds, which, as of August 1, 2022, were outstanding in the aggregate principal amount of \$17,315,000.

### **Permitted Investments**

Moneys held by the Trustee under the 2022 Indenture will be invested as directed by the City in Permitted Investments, subject to the restrictions set forth in the 2022 Indenture. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE 2022 INDENTURE - Investment of Moneys in Funds and Accounts.”

### **Other Covenants**

The 2022 Indenture provides that the City shall not repeal, amend or otherwise modify any document, agreement, ordinance, settlement or other contractual or legal right or claim it has to receive Available Tidelands Oil Revenue and Available Tidelands Operating Revenue that would materially

adversely affect the amount, or delay the receipt by the City, of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue. In addition, the 2022 Indenture provides that the City shall not amend or repeal any ordinance or resolution or any provision of its Municipal Code or the City Charter, which amendment or repeal would materially adversely affect the timing or amount of moneys deposited or permitted to be deposited in the Tideland Operating Fund or the Tideland Oil Revenue Fund.

Pursuant to the 2022 Indenture, the City is required to faithfully observe and perform all the covenants, conditions and requirements of the 2017 Indenture and the 2022 Indenture, and shall not issue or enter into any obligations secured by or payable from Tidelands Revenues in any manner other than in accordance with the 2017 Indenture and the 2022 Indenture and shall not take any action that would permit any default to occur under the 2017 Indenture and the 2022 Indenture, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to the 2017 Indenture and the 2022 Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in the 2017 Indenture and the 2022 Indenture, the City shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the application of Tidelands Revenues. Under the 2022 Indenture, the City shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement in force or enacted, adopted, prescribed, imposed or entered by any competent governmental authority or agency applicable to or affecting Tidelands Revenues.

See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE 2022 INDENTURE – Certain Covenants of the City.”

#### **DEBT SERVICE REQUIREMENTS**

The following table sets forth the debt service requirements for the Refunded Bonds and the Series 2017 Bonds. Following the sale of the Series 2022 Bonds, the final Official Statement will reflect debt service requirements after the refunding of the Refunded Bonds and the issuance of the Series 2022 Bonds.

<b>Year Ended November 1</b>	<b>Series 2012</b>		<b>Series 2017</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2022 <sup>(1)</sup>	\$5,300,000	\$1,460,625	\$3,390,000	\$230,255	\$10,380,880
2023	5,565,000	2,656,250	3,770,000	378,881	12,370,131
2024	5,840,000	2,378,000	3,870,000	281,020	12,369,020
2025	6,135,000	2,086,000	2,040,000	172,736	10,433,736
2026	6,440,000	1,779,250	2,095,000	119,582	10,433,832
2027	6,760,000	1,457,250	2,150,000	62,180	10,429,430
2028	7,100,000	1,119,250	–	–	8,219,250
2029	7,455,000	764,250	–	–	8,219,250
2030	7,830,000	391,500	–	–	8,221,500
	<b>\$58,425,000</b>	<b>\$14,092,375</b>	<b>\$17,315,000</b>	<b>\$1,244,655</b>	<b>\$91,077,030</b>

(1) Partial period. Does not include the May 1, 2022 interest payment of \$1,690,880.  
Totals may not add due to rounding.

#### **MUNICIPAL BOND DEBT SERVICE RESERVE POLICY**

Concurrently with the issuance of the Series 2022 Bonds, \_\_\_\_\_ (the “Insurer” or “\_\_\_\_\_”) will issue its Municipal Bond Debt Service Reserve Policy (the “Reserve Policy”).

[INSERT INSURER INFO]

## **THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND**

### **The City**

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”). Based on population, the City is the second largest city in the County and the seventh largest city in the State. The City’s estimated population was 466,742 as of September 30, 2021. The center of the City is 22 miles south of downtown Los Angeles and 110 miles north of San Diego. The City has long been a major industrial center and popular beach resort area. 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 Tidelands Area**

The State granted to the City all of the tidelands within the territorial boundaries of the City, from the mean high tide line to three miles offshore (together with any real property acquired with funds arising from such tidelands, the “Tidelands Area”). The City received these properties from the State in trust, for the purposes of developing commerce, navigation, fisheries and recreation. The Queen Mary and the Aquarium of the Pacific are located in the Tidelands Area. Under State law and the City Charter, revenues derived from operation of the Tidelands Area can only be used to pay expenses and debt service relating to the Tidelands Area, which includes debt service on the Series 2017 Bonds and the Series 2022 Bonds (and any additional Parity Obligations which may be issued in the future).

The City has established separate funds to segregate revenues derived from the various enterprise activities of the Tidelands Area. These funds include, but are not limited to, the Tideland Operating Fund, the Tideland Oil Revenue Fund and the Harbor Revenue Fund. Pursuant to the 2017 Indenture and the 2022 Indenture, certain revenues derived from activities in the Tidelands Area that are deposited, or are to be deposited, into the Tideland Operating Fund and the Tideland Oil Revenue Fund are pledged to secure the payment of debt service on the Series 2017 Bonds and the Series 2022 Bonds and any additional Parity Obligations that may be issued in the future) to the extent that certain other funds are not sufficient for such purpose. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS.”

### **The Tideland Operating Fund**

The Tideland Operating Fund is established and maintained by the City pursuant to Section 1710 of the City Charter. Generally, revenues derived from the conduct and maintenance of operations, facilities and other improvements situated in the Tidelands Area, outside of the Harbor District (as defined in the City Charter), are deposited to the Tideland Operating Fund, except for revenues attributable to oil and gas operations. Additionally, certain transfers from the Harbor Revenue Fund and the Tideland Oil Revenue Fund and are deposited to the Tideland Operating Fund, as further described below.

The two largest sources of revenue deposited to the Tideland Operating Fund include transfers from the Tideland Oil Revenue Fund and transfers from the Harbor Revenue Fund. Approximately 67% of the total revenues deposited to the Tideland Operating Fund in Fiscal Year 2020-21 and available to

make debt service payments under the 2017 Indenture and the 2022 Indenture came from transfers from the Tideland Oil Revenue Fund and transfers from the Harbor Revenue Fund.

***Harbor Revenue Fund Transfers to the Tideland Operating Fund.*** The Harbor Department was created by the City Charter to promote, develop and operate the Port of Long Beach (the “Port”), the number two-ranked container port in the nation in terms of container cargo for the year ended December 31, 2021. Separate and apart from the 5% Transfer that is discussed in the following paragraph, the Harbor Department also makes reimbursement payments to the Tideland Operating Fund for police and fire services.

The City Charter permits in each Fiscal Year a transfer (the “5% Transfer”) from the Harbor Revenue Fund, subject to the approval of two-thirds of the members of the City Council, of an amount necessary to meet the lawful obligations of the Tideland Operating Fund. Such transfer may not exceed 5% of the gross operating revenues of the Harbor Department as shown on the most recent available independently audited financial statements of the Harbor Department. The 5% Transfer also is subject to the prior approval of a majority of all the members of the Harbor Board, expressed by resolution, finding and determining that the funds proposed to be transferred will not be needed for Harbor Department operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal of and interest on the revenue bonds issued by the Harbor Department or result in noncompliance by the Harbor Department of its debt to revenue coverage requirements. See “THE PORT” and “APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORTS OF THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2021” for certain financial and operating information relating to the Port, including the currently outstanding debt of the Harbor Department. In Fiscal Year 2020-21, the Harbor Department’s 5% Transfer to the Tideland Operating Fund was \$19.9 million (cash basis) based on the Harbor Department’s Fiscal Year 2019-20 gross operating revenues of \$398.6 million. The 5% Transfer to the Tideland Operating Fund for Fiscal Year 2021-22 will be approximately \$21.7 million (cash basis) based on the Harbor Department’s Fiscal Year 2020-21 gross operating revenues of \$434.6 million.

The Harbor Board considers the 5% Transfer for each Fiscal Year in connection with the adoption of the annual budget for the Harbor Department. The 5% Transfer approved by the Harbor Board as part of its approval of the annual budget is based on the then-estimated gross operating revenues of the Harbor Department for the Fiscal Year ending immediately prior to the start of the new budgeted Fiscal Year. For example, the 5% Transfer approved by the Harbor Board in the Harbor Department’s Fiscal Year 2021-22 budget was based on the Harbor Department’s estimated gross operating revenues for Fiscal Year 2020-21. Following approval of the Harbor Board, the City Council considers the 5% Transfer as part of the budget approval for the City. The Harbor Board and the City Council have never failed to approve the 5% Transfer to the Tideland Operating Fund (or the transfer that was authorized prior to the passage of Measure D, which was based on 10% of the Harbor Department’s net operating revenues). Payment of the 5% Transfer with respect to each Fiscal Year is made in four equal quarterly payments on or about October 1, January 1, April 1, and July 1 with a reconciliation, as necessary, to reflect the final audited gross operating revenues as shown on the Harbor Department’s audited financial statements for the prior Fiscal Year. For example, the 5% Transfer paid in Fiscal Year 2021-22 was approved by the Harbor Board and the City Council in May 2021 and July 2021, respectively, and then paid in equal quarterly installments during Fiscal Year 2021-22. The quarterly payments of the 5% Transfer have always been paid in full and on time.

Neither the Harbor Board nor the City Council is legally obligated to approve the 5% Transfer, and failure to approve the 5% Transfer by either the Harbor Board or the City Council does not constitute an Event of Default under the 2022 Indenture.

***Tideland Oil Revenue Fund Transfers to the Tideland Operating Fund.*** Another major source of revenue payable into the Tideland Operating Fund is derived from the operation of the Wilmington Oil Field located in the Tidelands Area. The oil fields in the Tidelands Area are primarily located in the Wilmington Oil Field, which is comprised of West Wilmington (“West Wilmington”) and East Wilmington (Long Beach Unit) (“East Wilmington” or “Long Beach Unit”). The fields constitute one of the largest sources of oil in the continental United States. Most revenues from oil operations in the Wilmington Field are deposited into the Tideland Oil Revenue Fund, and a portion of such revenues are then transferred (after approval from the City Council as part of the City’s standard budget adoption process) into the Tideland Operating Fund. The majority of the net revenues derived from operating the Wilmington Oil Field are paid to the State. The transfers from the Tideland Oil Revenue Fund to the Tideland Operating Fund consist primarily of the Available Tidelands Oil Revenue. As discussed in more detail below under “AVAILABLE TIDELANDS OIL REVENUE,” the Available Tidelands Oil Revenue consists of moneys received by the City pursuant to subdivision (e) of Section 4 of Chapter 138, the East Wilmington Incremental Oil Revenue, the rental payments paid to the City pursuant to the THUMS Land Lease, the fees paid to the City pursuant to the THUMS Pipeline License, the West Wilmington Base Oil Revenue, the West Wilmington Incremental Oil Revenue, and the Tideland’s Special Facilities and Services Charge. In Fiscal Year 2020-21, the City transferred \$13.5 million of Available Tidelands Oil Revenue from the Tideland Oil Revenue Fund to the Tideland Operating Fund.

***Other Sources of Tideland Operating Fund Revenue.*** The Tideland Operating Fund also receives revenue from (a) the Long Beach Convention and Entertainment Center (the “Convention Center”); (b) Hyatt Long Beach Corporation (“Hyatt”) with respect to the ground lease between Hyatt and the City; (c) fees, concessions and rentals (which include revenues from an office building complex, island excursion boat, metered parking and citations, aquatic sports facility, recreational vehicle park, hotel, restaurants, and unreserved proceeds from lease agreement with the Queen Mary attraction/hotel/submarine and retail area); and (d) certain other revenues that are primarily interest earnings. Commercial facilities in the Tidelands Area are operated under ground leases, which generally provide for the City to receive rent based on a percentage of net profits received from the operation of the applicable facility.

***Amounts Payable From the Tideland Operating Fund Prior to Payment of Debt Service on the Series 2017 Bonds and the Series 2022 Bonds.*** Certain obligations and expenses of the City are payable from amounts on deposit in the Tideland Operating Fund prior to the payment of debt service on the Series 2017 and Series 2022 Bonds. These obligations and expenses include: (a) amounts required to be paid under the Hyatt Sublease; (b) amounts, if any, required to be paid pursuant to the Convention Center Management Agreement; (c) the DBAW Obligations (the DBAW Obligations terminate in 2030); and (d) amounts required to be paid by the City under the Sierra Bank Lease.

***Additional Uses of Amounts on Deposit in the Tideland Operating Fund.*** The City plans to use Available Tidelands Operating Revenue remaining after payment of debt service on the Series 2017 Bonds and the Series 2022 Bonds and the other uses described above under “Amounts Payable From Tideland Operating Fund Prior to Payment of Debt Service on the Series 2017 Bonds and the Series 2022 Bonds,” and other amounts on deposit in the Tideland Operating Fund, to finance certain capital improvement projects to be located in the Tidelands Area. Capital improvement projects currently anticipated to be expended within 3 to 5 years have a total estimated costs of \$\_\_\_\_\_ million (including the Aquatics Center described below). Most if not all of the projects were approved by the State Land Commission, as it is required that a capital outlay of \$100,000 or more requires its approval. Additional CIP expenditures will depend on the availability of funds every year after all obligations are met.

The City is currently considering the potential issuance of Parity Obligations in Fiscal Year 2022-23 (the “2023 Bonds”) to fund a portion of the cost of the construction of an aquatics center (the Aquatics

Center”), which would serve as a venue in the 2028 Olympics. While the specific amount, timing and structure of the 2023 Bonds is uncertain, on a preliminary basis, the City estimates that they will be issued in an amount sufficient to pay approximately \$25 to \$50 million of costs of the Aquatic Center. The term of these additional Parity Obligations is preliminarily anticipated to be 35 years. Assuming current interest rates, annual debt service on the 2023 Bonds may range from approximately \$1.4 million to \$2.8 million. In addition, the City has earmarked \$50 million from the existing Tidelands Operating Reserve to pay costs of the Aquatic Center not funded from the proceeds of the 2023 Bonds. The actual cost of the Aquatic Center is uncertain at this time and will depend on a variety of factors, including the finalization of plans and the construction bidding process.

**Historical and Projected Available Tidelands Operating Revenues.** The following table sets forth historical Available Tidelands Operating Revenues for Fiscal Years 2016-17 through 2020-21 and projected Available Tidelands Operating Revenues for Fiscal Years 2021-22 through 2025-26. Significant assumptions used in the preparation of the projected results amounts for Fiscal Years 2021-22 through 2025-26 include the following:

- Projected values for Fiscal Year 2021-22 are based on actual results through July 1, 2022.
- Tidelands Oil Revenues are derived from Table 13.
- The projected transfer from the Harbor Department for Fiscal Year 2021-22 is based on the Harbor Department’s estimated gross operating revenues for Fiscal Year 2021-22, and is escalated at 2% annually in succeeding fiscal years.
- Other than as described above and fixed lease commitments, values for Fiscal Years 2022-23 through 2025-26 reflects 2% annual increases.
- Debt service with respect to the 2023 Bonds is not reflected in the table.

While the City believes that these assumptions are reasonable, there can be no assurances that actual results will not materially adversely differ from the projections.

**TABLE 1**  
**HISTORICAL AND PROJECTED AVAILABLE TIDELANDS OPERATING REVENUES**  
**FISCAL YEARS ENDED SEPTEMBER 30, 2017-2026 (in \$000's)<sup>(1)</sup>**

	<i>Historical<sup>(2)</sup></i>					<i>Projected</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>
<b>Revenue:</b>										
Other Licenses and Permits	\$184	\$241	\$324	\$36	\$71	\$86	\$88	\$89	\$91	\$93
Traffic Fines	213	241	266	341	311	362	369	376	384	391
Interest	305	672	5,473	3,993	0	0	0	0	0	0
Parking Fees	907	995	-	-	0	0	0	0	0	0
Facilities Rentals and Concessions	2,738	3,880	6,277	5,399	6,071	6,386	6,514	6,644	6,777	6,912
Marine Fees and Rentals	886	682	1,562	1,565	1,746	1,490	1,519	1,550	1,581	1,612
Tidelands Fees, Concessions, and Rent	176	175	-	7	20	21	22	22	23	23
Convention Center Revenue	570	565	620	-	3,935	560	571	583	594	606
Hyatt Utility Reimbursement	578	379	89	307	62	100	102	104	106	108
Engineering Labor	148	152	157	163	163	170	174	177	181	184
Other Fees	744	736	834	333	519	506	516	527	537	548
Interfund Transfer from Tidelands Oil <sup>(2)</sup>	10,543	14,213	15,222	7,067	11,593	13,887	4,957	3,608	2,314	1,230
Interfund Transfer from Tidelands Oil - Measure D <sup>(3)</sup>	4,806	2,789	136	7,231	1,902	9,013	7,969	7,136	6,281	5,578
Interfund Transfer from Harbor - Measure D <sup>(4)(5)</sup>	19,051	20,084	20,614	19,931	21,732	22,786	23,242	23,707	24,181	24,665
Interfund Transfer In - Others	1,423	402	48	0	0	0	0	0	0	0
Other Revenues	1,168	4,297	556	2,565	4,340	1,631	1,664	1,697	1,731	1,766
<b>Total Revenue</b>	<b>\$44,440</b>	<b>\$50,503</b>	<b>\$52,178</b>	<b>\$48,938</b>	<b>\$52,465</b>	<b>\$56,999</b>	<b>\$47,707</b>	<b>\$46,220</b>	<b>\$44,781</b>	<b>\$43,718</b>
<b>Prior Obligations:</b>										
Hyatt Sublease	(\$72)	(\$70)	(\$74)	(\$77)	(\$91)	(\$93)	(\$95)	(\$97)	(\$99)	(\$100)
Convention Center Management	(1,216)	(1,280)	(1,311)	(1,776)	(1,271)	(1,296)	(1,322)	(1,349)	(1,376)	(1,403)
DBAW Obligations	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)
Sierra Bank Lease	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)
<b>Total Prior Obligations</b>	<b>\$(1,382)</b>	<b>\$(1,444)</b>	<b>\$(1,479)</b>	<b>\$(1,947)</b>	<b>\$(1,456)</b>	<b>\$(1,483)</b>	<b>\$(1,511)</b>	<b>\$(1,539)</b>	<b>\$(1,568)</b>	<b>\$(1,598)</b>
<b>Available Tidelands Operating Revenues</b>	<b>\$43,058</b>	<b>\$49,059</b>	<b>\$50,699</b>	<b>\$46,991</b>	<b>\$51,009</b>	<b>\$55,516</b>	<b>\$46,196</b>	<b>\$44,681</b>	<b>\$43,213</b>	<b>\$42,120</b>
<b>Series 2012 Bonds</b>	(8,140)	(8,139)	(8,114)	(8,103)	(8,126)	(8,092)				
<b>Series 2017 Bonds</b>	-	(311)	(2,651)	(2,631)	(3,819)	(3,812)	(3,810)	(4,100)	(4,097)	(2,186)
<b>Series 2022 Bonds<sup>(6)</sup></b>							(4,512)	(5,057)	(5,062)	(5,054)
<b>Available Tidelands Operating Revenues</b>	<b>\$34,918</b>	<b>\$40,609</b>	<b>\$39,934</b>	<b>\$36,257</b>	<b>\$39,064</b>	<b>\$43,612</b>	<b>\$37,874</b>	<b>\$35,511</b>	<b>\$34,054</b>	<b>\$34,880</b>
<b>Debt Service Coverage<sup>(7)</sup></b>	5.29x	5.81x	4.71x	4.38x	4.27x	4.66x	5.55x	4.87x	4.72x	5.82x

(1) Amounts are based on accrual basis.

(2) The City implemented a new chart of accounts effective Fiscal Year 2018-19 with the Tyler Munis financial system, causing certain fund/account categories to have changed when compared to data in the prior ACFR and continuing disclosure reports.

(3) See "AVAILABLE TIDELANDS OIL REVENUE."

(4) The 5% Transfer amounts shown in table are transferred to the Tidelands Operating Fund during the following Fiscal Year. For example, the 5% Transfer for Fiscal Year 2021 in the amount of \$21,732 was transferred to the Tidelands Operating Fund during Fiscal Year 2022.

(5) See "THE PORT."

(6) Preliminary; subject to change.

(7) Does not reflect impact of potential issuance of 2023 Bonds. See "- Additional Uses of Amounts on Deposit in the Tidelands Operating Fund."

Source: City of Long Beach



The following table sets forth the Statements of Net Assets for the Tideland Operating Fund for Fiscal Years 2016-17 through 2020-21.

**TABLE 2**  
**Tideland Operating Fund Statement of Net Assets**  
**Fiscal Years 2016-17 through 2020-21**  
**(in \$000's)**

	<i>Fiscal Year Ending 9/30</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 125,894	\$ 128,214	\$ 121,172	\$ 113,768	\$ 85,979
Non-Pooled Cash and Cash Equivalents	12,861	12,954	28	29	29
Receivables:					
Interest Receivable	46	64	3	1	1
Accounts Receivable	3,030	3,291	2,981	3,145	11,625
Notes and Loans Receivable	-	-	49	-	-
Due from Other Governments	43	10	2	83	218
Due from Other Funds	30,577	24,799	25,326	24,329	21,733
Allowance for Receivables	(7)	(5)	(14)	(263)	(1,171)
Total Current Assets	<u>\$ 172,444</u>	<u>\$ 169,327</u>	<u>\$ 149,547</u>	<u>\$ 141,092</u>	<u>\$ 118,414</u>
Noncurrent Assets:					
Non-Pooled Investments	\$ 8,353	\$ 8,326	\$ 0	\$ 0	\$ 0
Noncurrent Receivables					
Other Noncurrent Receivables	0	10,180	0	0	0
Capital Assets:					
Land and Other Assets not Being Depreciated	52,716	40,809	46,399	63,361	53,418
Capital Assets Net of Accumulated Depreciation	142,962	153,814	142,792	133,928	146,859
Total Noncurrent Assets	<u>\$ 204,031</u>	<u>\$ 213,129</u>	<u>\$ 189,191</u>	<u>\$ 197,289</u>	<u>\$ 200,277</u>
Total Assets	<u>\$ 376,475</u>	<u>\$ 382,456</u>	<u>\$ 338,738</u>	<u>\$ 338,381</u>	<u>\$ 318,691</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources	<u>\$ 17,795</u>	<u>\$ 13,344</u>	<u>\$ 5,726</u>	<u>\$ 4,852</u>	<u>\$ 5,367</u>

Source: City of Long Beach.

**Table 2 (continued)**  
**Tideland Operating Fund**  
**Statement of Net Assets**  
**Fiscal Years 2016-17 through 2020-21**  
**(In \$000's)**

	<i>Fiscal Year Ending 9/30</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<b>LIABILITIES</b>					
Current Liabilities payable from Current Assets:					
Accounts Payable	\$5,119	\$2,918	\$3,873	\$8,377	\$3,646
Accrued Wages	557	502	645	850	601
Accrued Interest Payable	1,681	1,693	107	83	58
Due to Other Funds	248	1,603	392	5,475	930
Unearned Revenues	224	124	377	233	252
Collections Held in Trust	110	123	114	126	139
Customers Deposits	-	-	-	-	-
Compensated Absences and Accrued Employee Benefits	621	693	649	1,888	2,017
Obligations Under Capital Leases-Current	34	35	37	39	41
Bonds Payable Due Within One Year	4,235	4,405	2,635	2,770	2,905
Other Long Term Obligation-Current	2	2	28	27	29
<b>Total Current Liabilities</b>	<b>\$12,831</b>	<b>\$12,098</b>	<b>\$8,857</b>	<b>\$19,868</b>	<b>\$10,618</b>
Noncurrent Liabilities:					
Advances from Other Funds	1,300	1,300	1,300	1,210	1,210
Unearned Revenues	4,663	4,577	4,489	4,490	4,403
Compensated Absences	1,318	1,570	1,842	5,393	5,614
Obligations Under Capital Leases	336	302	265	226	185
Other Long Term Obligations	3	2	337	309	280
Bonds Payable	84,741	89,680	9,662	6,500	3,306
Total OPEB Liability	592	697	325	351	329
Net Pension Liability	33,086	30,878	34,473	37,003	15,034
<b>Total Noncurrent Liabilities</b>	<b>\$126,039</b>	<b>\$129,006</b>	<b>\$52,693</b>	<b>\$55,482</b>	<b>\$30,361</b>
<b>Total Liabilities</b>	<b>\$138,870</b>	<b>\$141,104</b>	<b>\$61,550</b>	<b>\$75,350</b>	<b>\$40,979</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources	\$4,710	\$4,615	\$3,462	\$2,695	\$17,730
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$120,067	\$100,197	\$176,227	\$187,415	\$191,365
Restricted for:					
Debt Service	8,411	8,369	26	26	26
Tidelands	12,803	12,706	-	-	-
Unrestricted	109,409	128,809	103,199	77,747	73,958
<b>Total Net Position</b>	<b>\$250,690</b>	<b>\$250,081</b>	<b>\$279,452</b>	<b>\$265,188</b>	<b>\$265,349</b>

Source: City of Long Beach.

The decline in unrestricted net assets from Fiscal Year 2018-19 to Fiscal Year 2019-20 was primarily due to the fact that capital improvement expenditures increased by \$16 million in Fiscal Year 2019-20 (as compared to Fiscal Year 2018-19). In addition, in Fiscal Year 2019-20 \$4.8 million was utilized for pandemic-related expenditures, which of course did not occur in Fiscal Year 2018-19 before the pandemic. These increased costs, as well as modestly lower oil transfers from the Tidelands Oil Revenue Fund (due to lower oil prices) were the main components of the decrease.

As described in “The Tideland Operating Fund - Additional Uses of Amounts on Deposit in the Tideland Operating Fund,” the City has earmarked \$50 million from the existing Tidelands Operating Reserve to pay a portion of the costs of the Aquatic Center.

### **Financial Statements Relating to the Tidelands**

The City’s financial statements for the fiscal year ended September 30, 2021, included in “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021,” include certain information relating to the financial operations of the Tidelands. These financial statements have been audited by KPMG, LLC as stated in their report appearing in such appendix. The City has not requested, nor did the City obtain, permission from KPMG LLP to include the financial statements as an appendix to this Official Statement. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix B hereto, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

Certain information concerning the Tideland Operating Fund is presented on pages 165 through 168 of Appendix A – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021” (the “2021 ACFR”). The Tideland Operating Fund is one of several funds presented on such pages. In addition, the presentation on such pages also includes a column titled “Consolidated Tidelands Operating Total.” Investors should note that the amounts in Tideland Operating Fund pledged pursuant to the Indenture only includes amounts in the fund described in the “Tideland Operating” column in the presentation on such pages, and does not include amounts in the other funds in such presentation (including the “Tidelands Parking,” “Marina,” “Queen Mary” and “Aquarium of the Pacific”), all of which are presented in a consolidated form in the “Consolidated Tidelands Operating Total.”

The financial statements in Appendix A also include information relating to other funds of the City, including the City’s General Fund. Notwithstanding the inclusion of such information in Appendix A, as described herein, the principal or redemption price of and interest on the Series 2022 Bonds are payable solely from Tidelands Revenues and the other amounts pledged therefor pursuant to the 2022 Indenture, and the City is not obligated to pay the Series 2022 Bonds except from Tidelands Revenues and such amounts.

### **Investment of Tideland Operating Fund**

Moneys deposited to the Tideland Operating Fund are pooled with the other City funds and are maintained and invested by the City Treasurer. Interest income and gains and losses earned on pooled cash and investments are allocated monthly to the various pool participants (including the Tideland Operating Fund) based on their average daily cash balances.

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 Committee, comprised of the City Treasurer, the Assistant City Treasurer/Investment Management, the Assistant City Treasurer/Cash Management, the Assistant City Treasurer/Debt Management, the City Auditor, the City Attorney, the City Controller and the Chief Financial Officers of the Harbor and Water Departments, meets quarterly, or as needed, to review investment policies, 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 demands 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 seek above market average rates of return consistent with the risk limitations and prudent investment principles of the City’s Investment Policy. The City has established three benchmark measures for the pooled funds portfolio: the ICE BofA Merrill Lynch three-Month US Treasury Bill Index for the short-term portfolio, the ICE BofA Merrill Lynch one-to-three year US Treasury and Agency Index for the intermediate-term portfolio and the ICE BofA Merrill Lynch one-to-five year US Treasury and Agency Index for the long-term 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 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 March 31, 2022, the City’s invested funds and cash totaled \$2.07 billion. The investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. On March 31, 2022, 21.24% of the total City Portfolio was invested in Short Term investments (approximately 3 to 6 months to maturity), 44.61% in Intermediate Term investments (approximately 1 to 3 years to maturity) and 22.56% in Long Term investments (up to 5 years to maturity). The remaining 11.59% is cash held at various financial institutions.

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

## THE PORT

One of the largest sources of revenue payable into the Tideland Operating Fund and available to make the debt service payments on the Series 2022 Bonds and the Series 2017 Bonds is derived from the 5% Transfer from the Harbor Department. The 5% Transfer was \$21.7 million for Fiscal Year 2020-21, and constituted approximately 41% of the amounts deposited to the Tideland Operating Fund. The 5% Transfer is derived from the gross operating revenues of the Harbor Department as shown on the most recent available independently audited financial statements of the Harbor Department.

As described herein, the City Charter permits the 5% Transfer from the Harbor Revenue Fund, subject to the approval of two-thirds of the members of the City Council, an amount necessary to meet the lawful obligations of the Tideland Operating Fund. Such transfer may not exceed 5% of the gross operating revenues of the Harbor Department as shown on the most recent available independently audited financial statements of the Harbor Department. The 5% Transfer also is subject to the prior approval of a majority of all the members of the Harbor Board, expressed by resolution, finding and determining that the funds proposed to be transferred will not be needed for Harbor Department operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal of and interest on the revenue bonds issued by the Harbor Department or result in noncompliance by the Harbor Department of its debt to revenue coverage requirements. See “THE CITY, THE TIDELANDS AREA AND THE TIDELAND OPERATING FUND - The Tideland Operating Fund - Harbor Revenue Fund Transfers to the Tideland Operating Fund.”

The Harbor Board is composed of five members (“Commissioners”) appointed by the Mayor of the City subject to confirmation by the City Council. Commissioners must be qualified electors of the City. The Commissioners serve overlapping six-year terms. Annually, the Board selects a President, Vice President and Secretary from among its members.

### Port Facilities

**General.** The Port is a harbor complex that covers approximately 7,600 acres in the City (or approximately 11.9 square miles), of which approximately 4,400 acres (or approximately 6.9 square miles) are water, and includes all harbor facilities of the City (the “Harbor District”), and approximately 359 acres in the City of Los Angeles (located adjacent to the City). The harbor complex is owned by the City and is operated and managed by the Harbor Department. Exclusive control and management of the Harbor Department is vested in the Harbor Board. The Port has approximately 31.5 miles of waterfront with deep draft cargo berths, several of which are capable of servicing the largest commercial ships currently afloat or being designed. Container terminals occupy 1,253 acres, auto terminals occupy 144 acres, breakbulk and general cargo occupy 77 acres, dry bulk terminals occupy 84 acres and petroleum and liquid bulk occupy 44 acres. The Port has six container terminals with 74 gantry cranes, all of which are post-panamax cranes (all of which are owned by the tenants). Five container terminals are served by on-dock railyards. Additional cargo handling facilities include three transit sheds and one warehouse. Transit sheds are of concrete and steel construction. Wharves are constructed of reinforced concrete supported by reinforced concrete pilings or sheet pile bulkhead. Wharf aprons at all transit shed berths average 50 feet in width. Rail tracks serve all major marine facilities. In all, the Harbor Department owns approximately 116 miles of rail trackage.

The Port is protected by a federally constructed and maintained breakwater over nine miles in length. Within the federal breakwater, access to the Port’s terminals is provided via a network of channels. The entrance to and through the federal breakwater and throughout the main channel has a water depth of 76 feet. Channels extending from the main channel to the outer harbor terminals south of

the Gerald Desmond Bridge have water depths ranging from 48 to 55 feet. Channels extending from the main channel into the harbor terminals north of the Gerald Desmond Bridge have water depths ranging from 45 to 52 feet. Water depths at specific terminal berths vary and are addressed in the sections that follow.

Shipments to and from the Port can be received or dispatched by water, rail or truck. Two major rail lines, BNSF Railway Company (formerly known as The Burlington Northern and Santa Fe Railway Company) (“BNSF”), and Union Pacific Railroad Company (“Union Pacific”), serve the Port. These rail carriers have connections with the Port’s rail system and offer reciprocal switching arrangements. Rail service to and from the Port increased after the opening of the Alameda Corridor in 2002. The Alameda Corridor consists of a 20-mile long, multiple-track rail system that links the rail yards and tracks at the Port and the Port of Los Angeles with the transcontinental mainlines of BNSF and Union Pacific originating near downtown Los Angeles, California. The Alameda Corridor consolidated 90 miles of pre-existing rail lines on four separate routes, into an integrated system that is separated from non-rail traffic along Alameda Street. The consolidated rail route eliminated more than 200 at-grade points of conflict between east-west streets and highways and north-south railroad traffic. The Alameda Corridor Transportation Authority (“ACTA”) was responsible for administering the overall design and construction of the Alameda Corridor (with the exception of specific work that was completed by BNSF and Union Pacific, certain utility owners and local agencies), and ACTA is now responsible for the operation of the Alameda Corridor, including all activities related thereto.

In addition, the Port is located at the end of Interstate 710 (the “710 Freeway”), which provides access to the interstate highway system. Major highway carriers serve the Port and provide transportation to all parts of the United States. Some of the containers leaving and entering the Port also are handled at the Intermodal Container Transfer Facility (the “ICTF”), a specialized rail yard located four miles from the Port for the transfer of containers between trucks and railcars, and to the switchyards of BNSF and Union Pacific. Truck travel to such switchyards takes approximately 30 to 60 minutes. The ICTF is now operated by Union Pacific.

The Port’s cargo-handling facilities are diverse. Some of the largest facilities, or terminals, are under long-term property agreements. See “—Property Agreements” and “—Leading Revenue Producers.” Cargo terminal operations at the Port generally can be divided into four categories: container, dry bulk, general cargo and petroleum/liquid bulk. Descriptions of these operations are provided below.

***Container Terminals.*** Containerized cargo represents the largest source of revenue for the Harbor Department. For the 12 months ended September 30, 2021, containerized cargo accounted for approximately 80% of the Harbor Department’s total operating revenues, primarily from the collection of wharfage. According to the American Association of Port Authorities, the Port was the number two-ranked container port in the nation in terms of container cargo for the year ended December 31, 2021. The facilities at the Port handled approximately 9.4 million twenty-foot equivalent units (“TEUs”) during calendar year 2021. The following is a summary of the major container facilities at the Port.

**Pier A.** SSA Terminals (Pier A), LLC, currently operates the container terminal on Pier A (the “Pier A Container Terminal”). The Pier A Container Terminal is an approximately 159-acre facility that includes three berths, a 3,600-foot-long wharf with a water depth of 50 feet, two gate facilities with a total of 28 truck lanes, a storage area for approximately 24,000 on-ground containers, power outlets for 650 refrigerated containers and an on-site railyard capable of handling two double-stack trains simultaneously. Ten gantry cranes with capacities ranging from 40 tons to 60 tons facilitate cargo movement. The facilities at the Pier A Container Terminal can handle ships carrying up to 9,500 TEUs.

Pier C. SSA Terminals LLC operates a 68-acre container terminal at Pier C (the “Pier C Container Terminal”), which includes two berths, an 1,800 foot-long wharf with a water depth of 42 feet, a storage area for approximately 4,000 on-ground containers and power outlets for 272 refrigerated containers. Three 40-ton to 60-ton capacity gantry cranes facilitate cargo movement. The facilities at the Pier C Container Terminal can handle ships carrying up to 4,500 TEUs.

Middle Harbor Terminal. The container terminals on Piers D, E and F (collectively, the “Middle Harbor Terminal”) were consolidated into one 304-acre container terminal as part of the “Middle Harbor Terminal Redevelopment Program.” The Middle Harbor Terminal Redevelopment Program was fully completed in 2021. The Middle Harbor Terminal includes three berths and a new 4,200-foot long concrete wharf with a water depth of 55 feet that supports 14 modern gantry cranes that are able to handle ships carrying up to 24,000 TEUs. The Middle Harbor Terminal is designed to move up to an estimated 3.3 million TEUs annually.

In 2012, the Harbor Department and Orient Overseas Container Line LLC (“OOCL”) entered into a 40-year Preferential Assignment Agreement (the “OOCL PAA”) for the Middle Harbor Terminal. Based on the guaranteed annual minimum payments required to be made by OOCL pursuant to the terms of the OOCL PAA, the Harbor Department expects the agreement will generate a minimum of approximately \$4.6 billion of operating revenue for the Harbor Department over the 40-year term. The facility is currently operated by LBCT LLC (“LBCT”). In 2017, China Overseas Shipping Company (“COSCO”) agreed to purchase the parent company of OOCL. However, in order to receive U.S. government approval for the purchase, COSCO agreed to divest its ownership in LBCT. Any purchaser of COSCO’s interest in LBCT would have been required to assume all of the obligations (including guaranteed annual minimum payments) of OOCL under the OOCL PAA subject to approval of the Harbor Board. On October 24, 2019, a consortium led by Macquarie Infrastructure Partners purchased LBCT from OOCL, and assumed all of the obligations (including guaranteed annual minimum payments) of OOCL under the OOCL PAA.

Pier G. International Transportation Service Inc. (“ITS”) operates a container terminal at Pier G (the “Pier G Container Terminal”). The Pier G Container Terminal is an approximately 258-acre facility that includes five berths, 6,379 feet of wharves with water depths ranging from 42 feet to 52 feet, a storage area for approximately 12,800 on-ground containers, power outlets for 1,100 refrigerated containers and an on-dock railyard. The Pier G Container Terminal has 14 gantry cranes, with capacities ranging from 30-tons to 60-tons. The facilities at the Pier G Container Terminal can handle ships carrying up to 14,000 TEUs.

Pier J. Pacific Maritime Services LLC (a joint venture between SSAT, CMA CGM and COSCO) operates from Pier J (the “Pier J Container Terminal”). The Pier J Container Terminal is an approximately 256-acre facility that includes five berths, 5,900 feet of wharves with water depths ranging from 48 feet to 50 feet, a storage area for approximately 12,320 on-ground containers, power outlets for 685 refrigerated containers and an on-dock railyard. The Pier J Container Terminal has 15 gantry cranes, with capacities ranging from 40-tons to 60-tons. The facilities at the Pier J Container Terminal can handle ships carrying up to 18,000 TEUs.

Pier T. Total Terminals International, LLC (a joint venture between Terminal Investment Limited SARL (a subsidiary of Mediterranean Shipping Company) and Hyundai Merchant Marine) operates the Port’s largest container terminal on Pier T (the “Pier T Container Terminal”). The Pier T Container Terminal is an approximately 380-acre facility that includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers and an on-dock railyard. The Pier T Container Terminal has

sixteen 65-ton gantry cranes. The facilities at the Pier T Container Terminal can handle ships carrying up to 18,000 TEUs.

***Dry Bulk Facilities.*** For the 12 months ended September 30, 2021, dry bulk accounted for approximately 9% of the Harbor Department's total operating revenue, primarily through the collection of wharfage. The following describes the major dry bulk facilities at the Port.

Piers G and F. Approximately 6.3 million metric tons of dry bulk products were exported through the dry bulk terminals on Piers G and F in the fiscal year ended September 30, 2021. These products include petroleum coke, calcined petroleum coke, coal, salt, cement, soda ash, potash ash and sulfur.

The Pier G bulkloader consists of two conveyor system shiploaders operated by Metropolitan Stevedore Company. Dry bulk products are stored temporarily in seven specifically-designed sheds that have a total capacity of 586,000 tons and are moved automatically to dockside, where ships are loaded at 3,900 tons per hour. An eighth storage shed, used to store coal, has a capacity of 150,000 tons of product and includes two rotary plow feeders, with a capacity of 3,000 metric tons per hour, which are connected via conveyor to the Pier G shiploaders. The storage sheds are leased to industrial firms that transport their products to the Port for sale abroad. The entire facility is automated and is capable of high-speed handling of cargo by truck or rail. A rotary railroad car dumper is capable of emptying an entire 100-car train in less than four hours, and bottom dumpers on two different track systems also operate at high capacity.

The Pier F bulkloader consists of an automated conveyor shiploader and a ten acre silo complex operated by Koch Carbon Inc. for the storage and exporting of petroleum coke. The petroleum coke is delivered by rail or truck to the silos, screened, sorted and stored for shipment overseas.

Cement Facilities. There are two cement terminals at the Port. CEMEX Pacific Coast Cement Corporation operates a 50,000 ton capacity bulk cement terminal from Pier D. This terminal has six silos and a pollution free enclosed unloader that can unload directly into the silos. The screw type unloader has a capacity to handle up to 800 tons of cement per hour. A second cement terminal is located on Pier F and utilizes a vacuum type unloader. Operated by MCC Terminal, Inc., this facility can handle 800 tons per hour and, instead of a silo system, utilizes a warehouse (with a capacity of 52,000 tons) to house and transfer product.

Salt. At Pier F, Morton Salt Co. handles bulk solar salt shipped from Baja, California. This salt is used primarily in water softeners and by chemical companies. Conveyor belts, cranes and other equipment are used for unloading and stockpiling the crude salt, which is then graded and bagged or delivered in bulk.

***General Cargo.*** For the 12 months ended September 30, 2021, general cargo accounted for approximately 6% of the Harbor Department's total operating revenue, primarily through the collection of wharfage and facilities rentals. Below is a description of the major general cargo facilities at the Port.

Vehicles. The Toyota Motor North America, Inc. automobile terminal currently occupies a total of 133 acres in the northern area of the Port on Pier B. Vehicles are unloaded at this terminal, cleaned, processed and transported to destinations from Southern California to the Midwest. Approximately 271,000 vehicles were shipped through this terminal during the fiscal year ended September 30, 2021 as compared to approximately 231,000 vehicles during the fiscal year ended September 30, 2020. A majority of all Lexus cars imported into the United States pass through this terminal. Toyota Motor Sales also exports vehicles manufactured at its factories in the United States through this terminal. Under the



terms of the current lease, Toyota Motor North America, Inc. will relinquish approximately 15 of the total of 133 acres within the next two years.

Mercedes Benz vehicles arrive and are unloaded at Pier F, Berths 206 and 207. Crescent Terminals, Inc. (“Crescent Terminals”) operates Berths 206 and 207. Mercedes received approximately 64,000 vehicles in the fiscal year ended September 30, 2021 and approximately 59,000 vehicles in the fiscal year ended September 30, 2020 through these facilities.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 190 million board feet of lumber are handled annually.

Metals. SA Recycling, LLC operates a recycled steel and iron ore facility on Pier T that includes an 850 foot wharf with a steel reinforced concrete storage area and two loading cranes. The facility is served by rail and truck and has the capacity to handle 650,000 tons per year.

Break Bulk. CSA Equipment Inc. (a joint venture of SSA and Cooper/T. Smith) occupies Berths 204–205 on Pier F, and mainly handles machinery, equipment and steel products imported from the Far East. The CSA terminal has an 180,000 square foot storage shed on-site. At Berths F206 and F207 Crescent Terminals, in addition to the Mercedes Benz vehicles, handles other products, including finished steel and project cargo. The Crescent terminal has a 190,000 square foot storage shed on-site.

***Petroleum/Liquid Bulk.*** For the 12 months ending September 30, 2021, petroleum/liquid bulk accounted for approximately 5% of the Harbor Department’s total operating revenue, primarily through the collection of wharfage per barrel. The following is a summary of the major petroleum/liquid bulk facilities at the Port.

Petroleum. The Port maintains five bulk oil terminals; two are leased to Tesoro Refining and Marketing Company (“Tesoro”) (on Pier B), a subsidiary of Marathon Petroleum Corp.; one is leased to Carson Cogeneration LLC, a subsidiary of Marathon Petroleum Corp. (on Pier T); one is leased to Petro Diamond Terminal Co. (“Petro Diamond”) (on Pier B); and one is leased to Chemoil Terminals LLC (“Chemoil”) (on Pier F). Each terminal is connected directly to the storage and tank farms of the respective lessee. The Tesoro and Carson Cogeneration terminals handle primarily crude oil, while the Petro Diamond and Chemoil terminals primarily handle finished petroleum products such as gasoline, vessel bunker fuel and jet fuel. The total movement of crude and refined petroleum products during the fiscal year ended September 30, 2021 was approximately 33 million metric tons as compared to approximately 30 million metric tons during the fiscal year ended September 30, 2020.

## **Marine Commerce and Cargoes**

The Harbor Department derives the majority of its revenue from containerized cargo operations. The Port handles “local cargo” that “naturally” moves through Southern California (e.g., cargo consumed within the locally defined region) and “discretionary cargo” (cargo that is not consumed within the locally defined region but moves through Southern California for other reasons (e.g., inland distribution capability)). Currently, approximately 65% of the cargo handled by the Port is discretionary cargo. Most discretionary cargo is moved via rail to inland destinations both within and outside California. The amount of discretionary cargo handled by the Port varies on a month-to-month basis and on a year-to-year basis because ocean carriers and cargo owners can choose between various ports to get their cargoes to inland destinations.

**Tonnage and TEUs.** The Harbor Department tracks the volume of marine commerce by Metric Revenue Tons (“MRTs”). Marine commerce passing through the Port by MRTs and TEUs during the last five fiscal years ended September 30, 2021 is summarized in the following table.

**TABLE 3**  
**HARBOR DEPARTMENT OF THE CITY LONG BEACH**  
**REVENUE TONNAGE AND TEU SUMMARY**  
**FISCAL YEARS ENDED SEPTEMBER 30**  
(in metric revenue tons<sup>(1)</sup>)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Inbound/Outbound Cargo in Revenue Tonnage (MRTs)<sup>(1)</sup></b>					
<i>Inbound Cargo</i>					
Foreign	99,467,872	108,811,492	104,012,357	101,565,923	125,923,681
Coastwise/Intercoastal	30,977,282	30,786,620	30,058,159	27,566,754	30,949,927
<b>Total Inbound Cargo</b>	<u>130,445,155</u>	<u>139,598,112</u>	<u>134,070,516</u>	<u>129,132,677</u>	<u>156,873,608</u>
<i>Outbound Cargo</i>					
Foreign	32,922,688	36,217,699	34,418,220	34,061,109	34,870,612
Coastwise/Intercoastal	3,257,747	3,515,854	3,618,210	3,751,039	4,465,796
Bunkers	1,474,261	1,261,238	853,516	1,629,558	1,908,205
<b>Total Outbound Cargo</b>	<u>37,654,696</u>	<u>40,994,791</u>	<u>38,889,946</u>	<u>39,441,706</u>	<u>41,244,613</u>
<b>Total Cargo in Revenue Tonnage</b>	<u>168,099,850</u>	<u>180,592,903</u>	<u>172,960,462</u>	<u>168,574,383</u>	<u>198,118,221</u>
<b>Container Count in TEUs<sup>(2)</sup></b>	7,231,758	8,000,929	7,747,251	7,660,976	9,500,860

<sup>(1)</sup> A metric revenue ton is equal to either 1,000 kilograms or one cubic meter.

<sup>(2)</sup> A TEU represents a twenty-foot equivalent unit.

Source: Harbor Department

The following tables provide information about the container traffic at the Port for calendar years 2017 through 2021 and for the fiscal years ended September 30, 2017 through 2021.

**TABLE 4**  
**HARBOR DEPARTMENT OF THE CITY LONG BEACH**  
**CONTAINER TRAFFIC**  
**CALENDAR YEARS 2017-2021**  
(TEUs)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Inbound <sup>(1)</sup>	3,863,187	4,097,377	3,758,438	3,998,340	4,581,846
Outbound <sup>(1)</sup>	1,470,514	1,523,008	1,472,802	1,475,888	1,437,916
Empties	2,210,806	2,470,638	2,400,792	2,639,088	3,364,606
Total TEUs	<u>7,544,507</u>	<u>8,091,023</u>	<u>7,632,032</u>	<u>8,113,315</u>	<u>9,384,368</u>

<sup>(1)</sup> Fully loaded.

Source: Harbor Department

**TABLE 5**  
**HARBOR DEPARTMENT OF THE CITY LONG BEACH**  
**CONTAINER TRAFFIC**  
**FISCAL YEARS ENDED SEPTEMBER 30, 2017-2021**  
(TEUs)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Inbound <sup>(1)</sup>	3,698,164	4,044,261	3,861,918	3,760,763	4,666,922
Outbound <sup>(1)</sup>	1,451,151	1,564,030	1,441,007	1,492,288	1,456,297
Empties	2,081,443	2,392,637	2,444,326	2,407,925	3,377,640
Total TEUs	<u>7,230,758</u>	<u>8,000,928</u>	<u>7,747,251</u>	<u>7,660,976</u>	<u>9,500,860</u>

<sup>(1)</sup> Fully loaded.

Source: Harbor Department

The following table is a breakdown of cargo handled at the Port during the fiscal years ended September 30, 2019, 2020 and 2021 in tonnage and operating revenue:

**TABLE 6**  
**HARBOR DEPARTMENT OF THE CITY LONG BEACH**  
**CARGO SUMMARY**  
**FISCAL YEARS ENDED SEPTEMBER 30<sup>(1)</sup>**  
(in thousands of metric revenue tons)

	2019				2020				2021			
	Metric Revenue Tons (000s)	Percent of Total Tons	Operating Revenue (000s) <sup>(2)</sup>	Percent of Operating Revenue	Metric Revenue Tons (000s)	Percent of Total Tons	Operating Revenue (000s) <sup>(2)</sup>	Percent of Operating Revenue	Metric Revenue Tons (000s)	Percent of Total Tons	Operating Revenue (000s) <sup>(2)</sup>	Percent of Operating Revenue
Containerized	132,377	77%	\$311,126	75%	130,916	78%	\$301,841	76%	155,657	79%	\$325,356	75%
Petroleum/Liquid Bulk	31,613	18%	23,182	6	30,024	18	18,845	5	33,028	17	21,812	5
Dry Bulk	7,740	4%	36,881	9	6,610	4	36,721	9	8,265	4	36,872	8
General Cargo	1,231	1%	22,608	5	1,024	1	23,357	5	1,168	1	24,273	6
Other Operating Revenue	–	–	18,477	4	–	–	17,865	4	–	–	26,332	6
<b>Totals</b>	<b>172,960</b>	<b>100%</b>	<b>\$412,273</b>	<b>100%</b>	<b>168,574</b>	<b>100%</b>	<b>\$398,629</b>	<b>100%</b>	<b>198,118</b>	<b>100%</b>	<b>\$434,644</b>	<b>100%</b>

<sup>(1)</sup> Total revenues include operating revenues from wharfage, dockage, storage/demurrage, bunkers, special facilities rentals and other sources.

<sup>(2)</sup> Numbers may not sum due to rounding.

Source: Harbor Department

## **Port Tariffs**

The Harbor Department derives income from tariffs assessed on shipping activity (primarily wharfage and dockage) and from leases, rentals and utility services. The Harbor Board sets tariff charges for wharfage, dockage, pilotage, land usage, storage and demurrage applicable to all ships and cargo at municipal berths and wharves or otherwise using City-owned property in the Harbor District. The current tariffs are published in the Port Tariff No. 4. Under the terms of the various property agreements (see “---Property Agreements” below), the terminal operators, as permittees or lessees, are responsible for collecting tariff charges and for remitting to the Harbor Department, all or any portion of such tariff charges required to be paid to the Harbor Department. The Harbor Department charges wharfage on a per container load of freight basis for container cargoes and a commodity rate per ton of cargo basis for bulk and break-bulk cargoes. Dockage is also charged on a per vessel, per day basis.

The Harbor Department and all other California public ports control and determine their own individual tariff structures. However, the ports cooperate in setting tariff rates through membership in the California Association of Port Authorities (“CAPA”). One of CAPA’s goals is to establish and maintain reasonable and, as far as practicable, uniform terminal rates, charges, classifications, rules and regulations for the handling and movement of domestic and foreign waterborne cargo. These tariff provisions cover assignment of marine terminal facilities, as well as rates and provisions for vessel dockage, wharfage, wharf storage, wharf demurrage and other miscellaneous terminal charges necessary for the orderly movement of cargo. The goal is to permit California ports to obtain an adequate return on investment in order to facilitate the necessary maintenance, expansion and improvement of marine facilities. CAPA enjoys an exemption from federal antitrust laws which permits this cooperative rate setting.

The Harbor Department may increase tariff charges without amending the property agreements or receiving the consent of the tenants of the Port.

## **Property Agreements**

The Harbor Department operates the Port as a landlord through various property agreements entered into with the tenants of the Port. The property agreements, which convey the right to use, rent or lease port assets, include leases, preferential assignment agreements, revocable permits, area assignments and pipeline licenses. Pursuant to the property agreements, the tenants of the Port pay the Harbor Department tariff charges (including, but not limited to, wharfage, dockage, storage and demurrage) and other fees, including land rentals.

Property agreements for industrial and commercial use constitute one of the Harbor Department’s largest and most stable sources of income. Over the last five years, property agreements covering waterfront property and facilities have generated in excess of 95% of the Harbor Department’s operating revenues. Under most of these agreements, the Harbor Board assigns or leases property and facilities to terminal operators for original terms of up to 40 years. The property agreements with the Port’s current top ten revenue producers have expiration dates ranging from 2022 to 2051, with eight of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2051.

Most of property agreements entered into by the cargo terminal operators are in the form of preferential assignment agreements. Under the preferential assignment agreements, the terminal operators primarily pay the Harbor Department tariff charges, mainly wharfage (the charge assessed when cargo crosses the wharf) and dockage (the charge assessed for docking a vessel at a berth), for the use of facilities at the Port. Most of the preferential assignment agreements with the cargo terminal operators contain a guaranteed annual minimum payment. For the fiscal year ended September 30, 2021, the

preferential assignment agreements with the Port's terminal operators contained guaranteed annual minimum payments of approximately 85% of total operating revenues. The preferential assignment agreements require that the compensation payable to the Harbor Department be renegotiated at various intervals ranging from two to five years, and if the parties cannot agree, compensation is to be set through arbitration.

Under most of the current property agreements, the terminal operators are responsible for the operation and maintenance of the property and facilities, but the Harbor Department retains responsibility for maintaining the structural integrity of the piers, wharves, bulkheads, retaining walls and fender systems. Under the property agreements, the tenants are required to comply with all applicable environmental standards set by federal, state or local laws. Port tenants are liable for all costs, expenses, losses, damages, claims, cleanup costs and penalties arising from such tenant's failure to comply with applicable environmental standards. Additionally, Port tenants are required to carry commercial general liability insurance, including bodily injury and property damage liability on the leased premises and to name the City of Long Beach, the Harbor Board and the officers and employees of the Harbor Department as additional insureds. The property agreements also provide that if the property or facilities covered thereby are damaged by acts of God such as fire, flood or earthquake, or if work stoppages or strikes prevent operation of the property or facilities, compensation payable to the Harbor Department will be reduced in proportion to the interference with operations.

During the last five fiscal years ended September 30, 2021, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 5% of the Harbor Department's operating revenues. These agreements generally provide for flat rentals or require payment of a percentage of gross revenues, subject to a fixed minimum rental.

### **Operating Performance**

The Harbor Department derives income from tariffs assessed on shipping activity (primarily wharfage and dockage) and from leases, rentals and utility services. The following table summarizes the sources of the Harbor Department's operating revenues for the past five fiscal years.

**TABLE 7**  
**HARBOR DEPARTMENT OF THE CITY LONG BEACH**  
**OPERATING REVENUES**  
**FISCAL YEARS ENDED SEPTEMBER 30, 2017 THROUGH 2021**  
(\$000's)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Operating Revenues</b>					
Berths & Special Facilities					
Wharfage	\$342,022	\$358,675	\$366,855	\$355,540	\$367,421
Dockage	7,134	7,219	6,460	5,709	17,563
Bunkers	1,269	1,054	747	1,183	1,400
Special Facilities Rentals	13,289	16,418	19,013	17,634	21,482
Other	771	1,010	721	698	445
<i>Total Berths &amp; Special Facilities</i>	<u>\$364,486</u>	<u>\$384,376</u>	<u>\$393,796</u>	<u>\$380,764</u>	<u>\$408,312</u>
Rental Properties	\$13,732	\$14,279	\$15,668	\$14,855	\$23,061
Utilities/Miscellaneous	2,793	3,023	2,809	3,010	3,271
<b>Total Operating Revenues</b>	<u><u>\$381,010</u></u>	<u><u>\$401,678</u></u>	<u><u>\$412,273</u></u>	<u><u>\$398,629</u></u>	<u><u>\$434,644</u></u>

*Source: Harbor Department.*

**Leading Revenue Producers**

The following companies represented the Harbor Department's twenty largest customers in terms of revenues for the fiscal year ended September 30, 2021, listed alphabetically. These customers accounted for approximately 94% of the Harbor Department's operating revenues in the fiscal year ended September 30, 2021. The largest single customer accounted for approximately 23% of the Harbor Department's operating revenues in the fiscal year ended September 30, 2021.

**TABLE 8**  
**HARBOR DEPARTMENT OF THE CITY LONG BEACH**  
**LEADING REVENUE PRODUCERS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**  
**(Listed Alphabetically)**

Carson Cogeneration Company	Pacific Crane Maintenance Company, LLC
Chemoil Corporation	Pacific Maritime Services (Pacific Container Terminal)
Crescent Terminals, Inc.	SA Recycling, LLC
CSA Equipment Company LLC	SSA Terminals, LLC
International Transportation Service, Inc.	SSA Terminals, LLC – SSA Terminal C60/Matson Navigation
Jacobsen Pilot Service, Inc.	Tesoro Refining & Marketing
Koch Carbon, Inc.	Tesoro Refining & Marketing – Calciner
Metropolitan Stevedore Company	Tesoro Refining & Marketing – Tesoro Logistics LP
OOCL, LLC – LBCT LLC	Total Terminals International, LLC
Oxbrow Carbon & Minerals LLC	Toyota Logistics Services

*Source: Harbor Department*

## **Stevedoring and Cargo Handling**

Arranging for stevedoring and cargo handling services is the responsibility of each marine terminal operator. Stevedoring and cargo handling at the Port are provided pursuant to a contract between the Pacific Maritime Association (the “Association”) and the International Longshore and Warehouse Union (“ILWU”). The contract covers approximately 20,000 dockworkers on the West Coast, including approximately 13,000 dockworkers at the Port and the Port of Los Angeles. The Association represents most of the ocean carriers, marine terminal operators and stevedore companies on the Pacific Coast. The major providers of stevedoring and terminal services include Cooper/T. Smith Stevedoring, Metropolitan Stevedore Company (doing business as Metro Ports), Stevedoring Services of America, and Ports America Inc., along with ocean carrier-owned terminal operating companies such as OOCL, LLC - LBCT and Total Terminals International, LLC.

The current contract between the Association and the ILWU was entered into on May 21, 2015 and was ratified by the ILWU membership on May 22, 2015, retroactive to July 1, 2014. The current contract originally had an expiration date of June 30, 2019, but a three-year extension was negotiated by the Association and the ILWU and ratified by the ILWU membership on August 7, 2017. The current contract expired on July 1, 2022. The Association and the ILWU are currently negotiating a new contract. While negotiations on a new contract continue, the Association and the ILWU will continue to operate pursuant to the terms of the expired contract. As of the date of this Official Statement, the City cannot predict the outcome of the negotiations between the Association and the ILWU or if failure to reach agreement on a new contract could lead to work slowdowns similar to those that occurred in 2014 and 2015 (described below) or a work-stoppage at the Port similar to the work-stoppage that occurred in October 2002 (described below).

The previous contract between the Association and ILWU expired on June 30, 2014. The Association and the ILWU began negotiating a new contract in May 2014, but did not agree on a new contract until February 2015. The protracted negotiations had a compounding effect on congestion issues that slowed container cargo movements through the Port between September 2014 and February 2015. The Harbor Department’s revenues and container volumes at the Port were temporarily impacted during the fiscal year ended September 30, 2015 as a result of the slowdown and other congestion factors, but full-fiscal year revenues were not materially affected and container volumes recovered and were slightly higher than the prior fiscal year (4%).

In December 2012, a strike by the members of the Office Clerical Unit (“OCU”) of the ILWU resulted in an eight-day closure affecting only three container terminals in the San Pedro Bay that used OCU workers. The members of the OCU are employed by some of the shipping lines and terminal operators that operate at the Port and the Port of Los Angeles. The OCU and the shipping lines and terminal operators, subsequently agreed to new contracts and the closed terminals were reopened. There was no financial impact to the Harbor Department as a result of the OCU strike.

Prior to the OCU related work stoppage in December 2012, there had been no prolonged work stoppage since October 2002. In October 2002, after the Association and the ILWU failed to agree upon a new contract, the shipping lines and terminal operators instituted a lock-out of ILWU workers, thereby shutting down all West Coast ports, including the Port, for 10 days. Work resumed when the President of the United States ordered the ports to re-open pursuant to the Taft-Hartley Act. Prior to the 2002 lock-out, there had not been a prolonged work stoppage since 1971. Other than the work stoppages in 1971 and 2002, there has generally been a history of excellent working relationships between the ILWU and the employers represented by the Association. Prolonged work slowdowns or stoppages, particularly if combined with excessive congestion, could adversely affect revenues of the Harbor Department. The



employees of the Harbor Department do not work for the tenants of the Port or the stevedoring companies.

## Summary of Historical Operating Results

The following table shows the Harbor Department's Statement of Revenues and Expenses for the five fiscal years ending September 30, 2021. ("Total Port Operating Revenues" set forth in the table below serves as the basis for calculation of the 5% Transfer.)

**TABLE 9**  
**HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**  
**COMPARATIVE SUMMARY OF STATEMENTS OF REVENUES AND EXPENSES**  
**FISCAL YEARS ENDED SEPTEMBER 30<sup>(1)</sup>**  
(thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Port Operating Revenues:</b>					
Berths/Special Facilities	\$ 364,486	\$ 384,376	\$ 393,796	\$ 380,764	\$ 408,312
Rental Properties	13,732	14,279	15,668	14,855	23,061
Miscellaneous	2,793	3,023	2,809	3,010	3,271
Total Port Operating Revenues	<u>\$ 381,010</u>	<u>\$ 401,678</u>	<u>\$ 412,273</u>	<u>\$ 398,629</u>	<u>\$ 434,644</u>
<b>Port Operating Expenses:</b>					
Operation/Administrative	\$142,641	\$139,259	\$135,038	\$ 142,708	\$ 134,723
Depreciation/Amortization	148,445	147,224	144,716	149,652	172,827
Total Port Operating Expenses	<u>\$ 291,086</u>	<u>\$ 286,482</u>	<u>\$ 279,754</u>	<u>\$ 292,360</u>	<u>\$ 307,550</u>
<b>Income from Port Operations</b>	<u>\$ 89,924</u>	<u>\$ 115,196</u>	<u>\$ 132,519</u>	<u>\$ 106,269</u>	<u>\$ 127,094</u>
<b>Non-operating Income (Expense)</b>					
Investment Income, Net	\$ 1,706	\$ 4,808	\$20,197	\$16,404	\$(637)
Interest Expense	(5,883)	(14,536)	(13,513)	(35,539)	(26,431)
Equity in Income From Joint Venture	2,162	2,001	2,596	2,461	2,243
Discontinued Capitalized Projects	-	(2,889)	(16,493)	(2,280)	(839)
Other Income (Expense), Net	4,577	3,022	522	(3,248)	4,292
Total Non-Operating Income (Expense)	<u>\$ 2,562</u>	<u>\$ (7,594)</u>	<u>\$ (6,691)</u>	<u>\$ (22,202)</u>	<u>\$ (21,372)</u>
<b>Income Before Operating Transfers/Grants</b>	<u>\$ 92,486</u>	<u>\$ 107,602</u>	<u>\$ 125,828</u>	<u>\$ 84,067</u>	<u>\$105,722</u>
Net Operating Transfers	\$ (19,448)	\$ (20,084)	\$ (20,614)	\$ (21,253)	\$ (21,598)
Capital Grants	73,072	67,511	68,592	45,044	11,769
<b>Change in Net Position</b>	<u>\$ 146,110</u>	<u>\$ 155,029</u>	<u>\$ 173,807</u>	<u>\$ 107,858</u>	<u>\$ 95,893</u>
<b>Total Net Position (beginning of fiscal year)</b>	<u>\$3,780,027</u>	<u>\$3,926,137</u>	<u>\$4,081,165</u>	<u>\$4,254,972</u>	<u>\$4,362,830</u>
<b>Total Net Position (end of fiscal year)</b>	<u><u>\$3,926,137</u></u>	<u><u>\$4,081,166</u></u>	<u><u>\$4,254,972</u></u>	<u><u>\$4,362,830</u></u>	<u><u>\$4,458,723</u></u>

<sup>(1)</sup> Totals may not add due to rounding.

Source: Harbor Department

## Capital Development Program

**Master Plan; Long-Term Land Use Study.** On October 17, 1978, the California Coastal Commission (the “CCC”) certified the Harbor Department’s “Port Master Plan” (the “Port Master Plan”) as being in conformance with the policies of Chapters 8 and 3 of the California Coastal Act. The Port Master Plan has been amended on numerous occasions since 1978. All amendments to the Port Master Plan that required the approval of CCC were approved by CCC. The Port Master Plan was last comprehensively updated and certified in 1990. The purpose of the Port Master Plan is to provide the Harbor Department with a planning tool to guide future development of the Port and to ensure that projects and developments in the Harbor District are consistent with the requirements of the California Coastal Act. The Port Master Plan identifies proposed uses of land and water areas within the Harbor District and establishes a flexible framework allowing for development of the Port and is updated periodically.

In January 2022, the Harbor Department released a “Revised Draft Port Master Plan.” The update process is guided by the California Coastal Act and involves evaluation of land use and water use designations, reconfiguration of planning districts, and identification of anticipated projects. In addition, the update incorporates previously certified Port Master Plan amendments and updates the overall goals and policies for long-range development. The update to the Port Master Plan is needed to consider changes in the global shipping industry, technological advances, and important factors such as climate change and energy resources consistent with the Harbor Department’s “Green Port Policy” objectives. The Harbor Department anticipates certification of the update to the Port Master Plan by CCC in 2022.

**Capital Plan.** In addition to the Port Master Plan, the Harbor Department maintains a 10-year capital plan (the “Port Capital Plan”) which sets forth the specific projects the Harbor Department expects to develop and construct over the next ten years. The current Port Capital Plan consists of capital improvements to be undertaken at the Port between 2022 and 2031. As of the date of this Official Statement, the Port Capital Plan has an aggregate estimated cost of approximately \$1.6 billion. The Port Capital Plan will focus on addressing increased cargo-handling efficiency with new technology and sustainable infrastructure, while building on the Harbor Department’s commitment to the environment and the community. The current Port Capital Plan includes, but is not limited to, the following capital projects and improvements: the Pier B On-Dock Rail Support Facility Program, other rail network improvement projects, terminal development and certain public works general infrastructure improvements. The Harbor Department expects to finance the costs of the Port Capital Plan with the following sources: available revenues of the Harbor Department, proceeds of Harbor revenue bonds, State and federal grants, one or more loans provided under the Transportation Infrastructure Finance and Innovation Act and/or a Railroad Rehabilitation & Improvement Financing loan.

Following is a brief description of some of the major projects included in the Port Capital Plan:

**Pier B On-Dock Rail Support Facility Program.** The Port Capital Plan includes critical rail projects designed to increase the efficient movement of cargo while promoting a mode-shift from truck to rail. The largest component is the Pier B On-Dock Rail Support Facility Program, which will consist of a significant new staging yard to sort and stage trains while adding 10,000-ft long tracks to improve the Port’s ability to accommodate long trains. This program will be under various stages of design, right of way acquisition and construction bidding in the later part of the fiscal year ending September 30, 2023.

**Other Rail Network Improvement Projects.** A fourth track at Ocean Boulevard will increase operational efficiency through the addition of a new track resulting in four contiguous rail tracks through this area of the Port improving switching and arrival and departure coordination among Piers E, F, G & J. This project began construction in 2022. Additionally, the Terminal Island Wye Track Realignment will

double track the Pier S lead, increasing operational efficiency between the Pier T on-dock rail yard and the break bulk terminals at Pier T East.

Terminal Development. A final project, consisting of a second battery exchange building, will be constructed as part of the Middle Harbor Redevelopment Program. This project will support the terminal's zero-emission cargo handling equipment.

Also included in the Port Capital Plan is the Pier G Berth G236 Wharf Improvement project. This project will enable the berth to accommodate larger vessels that are projected to call, up to 14,000 TEUs. The project includes lengthening the wharf at Berth G236 by approximately 240 feet, including dredging, pile driving fill, surcharge, paving, crane power and a new shore power outlet for plugging in vessels while at-berth. Upon completion of this project, the Pier G container terminal will have two berths capable of handling vessels up to 14,000 TEUs, and a third berth capable of receiving smaller vessels.

Public Works General Infrastructure. The Port Capital Plan addresses various public works infrastructure project based upon condition-assessments and corresponding improvement plans. These plans address sewer, water, storm water, streets and public access. Projects under construction include: the Coastal Bike Trail Connector at Ocean Blvd. project, which will link the Los Angeles River trail to the Gerald Desmond Bridge path to Golden Shore; and the Pier G Avenue Infrastructure Improvement project, which consists of sewer, storm drain, water, and paving improvements.

## **Environmental Compliance**

*General.* The Harbor Department is required to comply with the provisions of a number of federal and state laws designed to protect or enhance the environment. The two basic laws are the Federal National Environmental Policy Act ("NEPA") and the State of California Environmental Quality Act ("CEQA"). Other federal environmental laws applicable to the Port include the Resources Conservation and Recovery Act, which governs the cleanup, treatment and disposal of hazardous waste; the Clean Air Act, which governs the release of air pollutants; the Toxic Substances Control Act, which governs the handling and disposition of polychlorinated biphenyls (PCBs) and other toxic substances; the Marine Protection, Research and Sanctuary Act of 1972, which governs the ocean dumping of dredged materials; the Rivers and Harbors Act, which governs navigable waterways; and the Clean Water Act, which governs discharges to surface waters. Enforcement agencies include the U.S. and California Environmental Protection Agencies and the U.S. Army Corps of Engineers, which rely on consultation and advice from various federal resource agencies.

The Harbor Department also is required to conform to provisions of a number of other State environmental laws, including the Hazardous Waste Control Act, which governs hazardous waste treatment and disposal, and the Porter-Cologne Act, which governs surface and ground water quality. State enforcement agencies include the Department of Toxic Substances Control, the State Water Resources Control Board and the local Regional Water Quality Control Board. The California Air Resources Board ("CARB") and the regional Air Quality Management District administer the federal Clean Air Act.

Additional environmental laws and regulations may be enacted and adopted, and/or court cases decided, in the future that could be applicable to the Harbor Department and the Port. See "Air Pollution Reduction Programs—Air Pollution Reduction Programs (Clean Air Action Plan)" below. The Harbor Department is not able to predict what those laws, regulations and/or cases may provide or the costs to the Harbor Department to comply with such laws and regulations. Any additional environmental laws and

regulations could significantly delay or limit the Harbor Department's plans to construct and develop new revenue generating facilities at the Port. See "—Capital Development Program."

In conforming to these laws and their implementing regulations, the Harbor Department has instituted a number of compliance programs and procedures. Some of these are ongoing, including the sampling and analysis of harbor sediments to comply with dredging permit requirements; monitoring of water quality at stormwater outfalls; and oversight of the Harbor Department and tenant housekeeping practices. Other compliance activities are carried out on an intermittent basis as necessary. These include disposal of contaminated soil excavated from construction sites, surveys of Harbor Department-owned buildings for asbestos, and associated remedial actions, other hazardous substances site cleanup related to spills, release and illegal disposal of materials and substances on Port property by third parties, and monitoring and reporting pursuant to construction permits related to air and water quality.

The Harbor Department's agreements with its tenants require the tenants to take the responsibility for complying with all applicable environmental laws and regulations and for financing the cost associated with cleaning up spills of fuels, oils and other hazardous substances.

### ***Air Pollution Reduction Programs.***

Air Pollution Reduction Programs (Clean Air Action Plan). In 2005, the Harbor Department, together with the Port of Los Angeles, developed the San Pedro Bay Ports Clean Air Action Plan (the "Ports Clean Air Action Plan") with input from the EPA, CARB, and the South Coast Air Quality Management District ("SCAQMD"). The Ports Clean Air Action Plan was updated and reauthorized in 2010 and again in 2017. The Ports Clean Air Action Plan is the Harbor Department's long-term comprehensive plan to address air pollution emissions from Port-related sources. The Ports Clean Air Action Plan addresses the five primary categories of Port-related emission sources (ships, trucks, trains, cargo handling equipment and harbor craft), and outlines specific, detailed strategies to reduce emissions from each category. Through implementation of the Ports Clean Air Action Plan, since 2005, there has been a 90% reduction in diesel particulate matter, a 97% reduction in sulfur oxides and a 63% reduction in nitrogen oxides emissions from Port-related sources. The 2017 update to the Ports Clean Air Action Plan includes several updates, including goals of achieving zero emission cargo handling equipment by 2030 and zero emission drayage truck fleets by 2035. The Ports Clean Air Action Plan has and will require a significant investment by the Harbor Department, the Port of Los Angeles and private sector businesses and will expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on the Port.

Pursuant to the Ports Clean Air Action Plan, the Harbor Department has undertaken several programs to lower air pollution levels at the Port, including, but not limited to: (a) an incentive-based program that encourages vessels entering the Ports of Long Beach and Los Angeles to lower their speeds (faster speeds produce higher emissions) (the "Green Flag Incentive Program"); (b) an incentive-based program to encourage vessel operators to deploy their lowest pollution-emitting ships to the Ports of Long Beach and Los Angeles (the "Green Ship Incentive Program"); (c) accelerated replacement of cargo handling equipment with equipment that produces near-zero or zero emissions by 2030; (d) use of shore-side electrical power for ships calling at the Port (also known as "cold ironing"); (e) a Technology Advancement Program which seeks to accelerate the verification or commercial availability of new, clean technologies, through evaluation and demonstration in port operations; (f) replacement of the entire fleet of 16 switcher locomotives operated by Pacific Harbor Line with less polluting locomotives and the purchase of six generator set locomotives which meet the cleanest engine standards; and (g) the Clean Trucks Program, which requires progressively cleaner engine standards for trucks operating at the Port, including establishing the goal to transition drayage trucks to zero emissions by 2035 (see "Clean Trucks Program" below for additional information).

Clean Trucks Program. One of the programs the Harbor Department has undertaken in an effort to lower air pollution levels at the Port is the Clean Trucks Program (the “CTP”). The CTP instituted a series of progressive bans adopted by the Harbor Department and the Port of Los Angeles designed to gradually restrict older, more polluting trucks from operating at the marine terminals at the Ports of Long Beach and Los Angeles until eventually all trucks operating at the terminals of the Ports of Long Beach and Los Angeles would be required to meet the EPA’s 2007 On-Road Heavy Duty emissions standards. The CTP targets emissions from heavy duty trucks that move cargo in and out of the marine terminals at the Port. The CTP successfully reduced air emissions and health risks by modernizing the Port’s trucking fleet. As a result of continued modernization of the truck fleet, currently about half have been upgraded to meet the even cleaner EPA 2010 on-road heavy duty emissions standards. The Harbor Department has no remaining financial obligations under the original CTP.

In 2017, the Harbor Department and the Port of Los Angeles updated the Ports Clean Air Action Plan, by setting a goal to transition to zero-emission trucks by 2035. In support of this goal, the Harbor Department and the Port of Los Angeles adopted a new Clean Truck Fund Rate (the “CTF Rate”) of \$10 per loaded container to be paid by cargo owners. Zero-emission trucks are exempt from the CTF Rate, and low-nitrogen-oxide (low NOx) trucks are exempt under limited conditions. In Long Beach, low NOx trucks will be exempt through December 31, 2034, if purchased by November 8, 2021, active in port service and retained by the original owner, or through December 31, 2031, if registered by December 31, 2022, or ordered by July 31, 2022, and registered within 30 days of receipt of the truck. The revenues collected from the CTF Rate will fund incentives and/or will provide financial support to deploy clean heavy-duty Class 8 drayage trucks that serve the Port and the Port of Los Angeles, as well as associated charging or fueling infrastructure for zero-emission trucks. The Harbor Department and the Port of Los Angeles began collecting the CTF Rate on April 1, 2022. The Harbor Department and the Port of Los Angeles expect the rate to generate approximately \$40-45 million each year, although amounts will fluctuate with cargo volumes and truck activity, and will likely decrease over time as the population of rate-exempt zero-emission trucks grows.

## **Security**

As a result of the terrorists attacks of September 11, 2001, the Maritime Transportation Security Act of 2002 (“MTSA”) was signed into law on November 25, 2002 to require sectors of the maritime industry to implement measures designed to protect the ports and waterways of the U.S. from a terrorist attack. MTSA requires interagency teamwork within the Department of Homeland Security, including, the U.S. Coast Guard, the Transportation Security Administration (the “TSA”) and the Bureau of Customs and Border Protection, and the Department of Transportation’s Maritime Administration to develop security regulations. The security regulations focus on those sectors of maritime industry that have a higher risk of involvement in a transportation security incident, including various tank vessels, barges, large passenger vessels, cargo vessels, towing vessels, offshore oil and gas platforms, and port facilities that handle certain kinds of dangerous cargo or service the vessels listed above. Such regulations were implemented on July 1, 2003, and final rules became effective in November 2003. The regulations provide for port and vessel owners and operators to assess their vulnerabilities, and to then develop plans that may include implementing vehicle, container and baggage screening procedures, designating security patrols, establishing restricted areas, implementing personnel identification procedures, accessing control measures, and/or installing surveillance equipment. The Harbor Department and each of its applicable tenants have in place procedures for complying with MTSA.

To comply with MTSA regulations and based on the Harbor Department’s own initiatives, the Harbor Department is implementing certain security measures. The Harbor Department has installed and implemented a video camera surveillance system to monitor activities throughout the Port complex. To address waterside threats, the Harbor Department has a radar detection system and has agreements with

the Long Beach Police Department to provide 24/7 “on water” patrol capability. The Harbor Department is working with marine terminal operators and other stakeholders within and outside the Port to share video camera feeds, thereby enhancing overall regional security monitoring capabilities. The Harbor Department has installed tools to assist in emergencies, including programmable highway signs, and an automated emergency notification system to provide secure communications with tenants and emergency services. The Harbor Department continues to support efforts by the TSA to implement a transportation workers identification card. The Harbor Department has improved and continues to enhance physical security throughout the Port complex by installing security fencing, lighting, barriers and access control systems. These improvements are being applied to all infrastructure above and below ground. Radiation portal monitors have been installed at all of the container terminals, which are managed by the U.S. Customs & Border Protection. All containers originating at foreign ports will be tested for the presence of radioactive materials when leaving the Port.

In February 2009, the Harbor Department opened the Joint Command & Control Center which serves as the Harbor Department Security Division and Port Police Division headquarters and functions as a multi-agency incident command post, housing approximately 120 personnel (which is triple the level of staffing on September 11, 2001). The Command and Control Center functions as a “maritime domain awareness center” and combines and displays all the surveillance, detection and monitoring data from throughout the Port; this data is shared and communicated with facility security personnel and law enforcement agencies that protect the harbor complex. In addition, the Harbor Department has implemented a geo-spatial software platform that provides a common operational picture of the region’s maritime domain to support daily security functions, incident response, and recovery operations. The Command and Control Center also is the home to the Maritime Coordination Center, which coordinates the response to offshore illicit activities for over 70 different maritime law enforcement entities along 320 miles of California coastline.

In 2016 and 2017, the Harbor Department took delivery of two new state-of-the-art fireboats that will, among other things, enable it to respond more effectively to fires on mega-cargo ships. In addition, these fireboats are equipped with chemical, biological, radiological, and nuclear response capabilities and have an air tight citadel and equipment that enables them to respond to hazardous incidents.

There can be no assurance that MTSA requirements will not become more strict or that additional requirements may require the Harbor Department to incur additional security-related expenses.

## **Cybersecurity**

Computer networks and data transmission and collection are vital to the efficient operations of the Port. The Harbor Department and the tenants at the Port collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to industry operations.

The Harbor Department approaches cybersecurity through a multi-threaded approach to ensure a layered defense. The Cybersecurity Framework (“CSF”) utilized by the Harbor Department aligns with industry standards and regulations (focusing on National Institute of Standards and Technology Special Publication 800-53). This standard recommends security controls for federal information systems and organizations while documenting security controls for all federal information systems with the exception for those designed for national security. This framework allows continual assessments and improvement of the Port’s cybersecurity program.

The Harbor Department routinely utilizes respected and objective third-party consultants to perform risk assessments of its cybersecurity programs. The CSF is used to assess the people, process and technology components. Additionally, the Harbor Department regularly consults with the United States Coast Guard, the Federal Bureau of Investigation, the Department of Homeland Security, the Center for Internet Security, and respected technical advisory firms to benchmark its practices and stay abreast of emerging threats.

Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the commercial operations of industries including the operations at the Port , which could ultimately adversely affect Harbor Department revenues.

### **Outstanding Indebtedness**

As of August 1, 2022, the Harbor Department had \$593,275,000 aggregate principal amount of its harbor revenue bonds (the “Harbor Revenue Bonds”) outstanding, \$50 million of its subordinate revolving obligations (the “Subordinate Revolving Obligations”) outstanding, and a \$500 million subordinate loan (the “TIFIA Loan”) outstanding provided to the Harbor Department by the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”). The outstanding Harbor Revenue Bonds bear interest at fixed rates that range from 4% to 5% and mature on or before May 15, 2049.

The Subordinate Revolving Obligations are purchased by MUFG Union Bank, N.A. (the “Subordinate Revolving Obligations Bank”) pursuant to the terms of a revolving credit agreement, as amended (the “Subordinate Revolving Credit Agreement”), by and between the Harbor Department and the Subordinate Revolving Obligations Bank. The Harbor Department can borrow up to \$250 million under the Subordinate Revolving Credit Agreement at any one time. The Subordinate Revolving Obligations bear interest at variable interest rates based on the Secured Overnight Financing Rate (SOFR). The Subordinate Revolving Credit Agreement has a stated expiration date of April 14, 2025, unless otherwise terminate earlier or extended, as the case may be, pursuant to the terms of the Subordinate Revolving Credit Agreement.

On May 1, 2022, the Harbor Department entered into a loan agreement (the “TIFIA Loan Agreement”) with the TIFIA Lender, pursuant to which the TIFIA Lender made the TIFIA Loan to the Harbor Department. The proceeds of the TIFIA Loan were used to finance a portion of the costs of designing and constructing the new Gerald Desmond Bridge. The TIFIA Loan bears interest at a rate of 1.260% and has a final maturity date of May 15, 2055.

### **Other Obligations**

***ACTA Shortfall Advances.*** In 1999, ACTA issued and entered into obligations to finance a portion of the cost of the design and construction of the Alameda Corridor, a 20 mile long, multiple-track rail system linking the railyards and tracks at the Port and the Port of Los Angeles (together, the “San Pedro Bay Ports”) with the Railroads’ (as defined in the following paragraph) transcontinental mainlines originating near downtown Los Angeles. See “—Port Facilities—General.” The Alameda Corridor was financed with contributions from the Harbor Department and the Port of Los Angeles, proceeds of taxable and tax-exempt bonds issued by ACTA, a federal loan (which was prepaid in May 2004 with the proceeds



of subordinate taxable and tax-exempt bonds issued by ACTA), a grant from the Los Angeles County Metropolitan Transportation Authority, and various other grant moneys. As of August 1, 2022, ACTA had outstanding approximately \$[\_\_\_] billion aggregate principal/accreted value of taxable and tax-exempt bonds (collectively, the “ACTA Obligations”). The ACTA Obligations are payable from the use fees and container charges payable by Union Pacific and BNSF (collectively, the “Railroads”) pursuant to the ACTA Operating Agreement (as defined below), and from Shortfall Advances (as defined below).

On October 12, 1998, the City, acting by and through the Harbor Board, the City of Los Angeles, acting by and through its Board of Harbor Commissioners, ACTA, Union Pacific and BNSF entered into the Alameda Corridor Use and Operating Agreement, as amended (the “ACTA Operating Agreement”). The ACTA Operating Agreement governs the administration, operation and maintenance of the Alameda Corridor and the collection and application of use fees, container charges, maintenance and operation charges and Shortfall Advances. The ACTA Operating Agreement requires the Harbor Department and the Port of Los Angeles, severally and not jointly, to make payments (the “Shortfall Advances”) in the event the amount of use fees and container charges collected from the Railroads are not sufficient to make the debt service payments on the ACTA Obligations. Pursuant to the ACTA Operating Agreement, the Harbor Department and the Port of Los Angeles are each obligated to make up one-half of any deficiency in the payment of debt service on the ACTA Obligations. However, the Harbor Department and the Port of Los Angeles are liable only for a maximum of 40% (20% each) of the total amount of debt service due in each year on the ACTA Obligations. Additionally, neither the Harbor Department nor the Port of Los Angeles is required to make Shortfall Advances that should have been paid by the other party. Based upon the August 1, 2022 outstanding amount of the ACTA Obligations, the Harbor Department and the Port of Los Angeles are potentially liable for a maximum of approximately \$1.8 billion (the Harbor Department and the Port of Los Angeles each being liable for approximately \$900 million) of debt service payments on the ACTA Obligations through October 1, 2052.

Pursuant to the ACTA Operating Agreement, the Harbor Department is obligated to include any forecasted Shortfall Advances in its budget for each Fiscal Year. The Harbor Department and the Port of Los Angeles were first required to pay Shortfall Advances in calendar year 2011 when they paid a total of \$5.9 million (\$2.95 million each) for debt service payments due on October 1, 2011. The Harbor Department and the Port of Los Angeles were again required to pay Shortfall Advances in calendar year 2012 when they paid a total of \$5.9 million (\$2.95 million each) for debt service payments due on October 1, 2012. Since the 2012 payment, the Harbor Department and the Port of Los Angeles have not been required to pay Shortfall Advances. According to information provided by ACTA to the Harbor Department, the Harbor Department expects that it (and the Port of Los Angeles) may be required to make one or more Shortfall Advances between 2027 and 2038, however, as of the date of this Official Statement, the Harbor Department cannot predict either the amount or timing of any such Shortfall Advances.

The Harbor Department is obligated to make the Shortfall Advance Payments from any legally available source of excess revenues after making all payments due with respect to the Senior Bonds and the Subordinate Obligations, and the payment of all Maintenance Costs. The Harbor Department’s obligation to make Shortfall Advance Payments is to continue even though use fees may be abated as a result of complete blockage of the rail corridor for more than five days. Shortfall Advance Payments are to be reimbursed to the Harbor Department and the Port of Los Angeles from use fees and container charges to the extent available, after payment of debt service on the ACTA Obligations, the funding of any reserves associated with the ACTA Obligations, the payment of maintenance and operating expenses of the Alameda Corridor, and the payment of administrative and other amounts.

## **Audited Financial Statements**

The Harbor Department's audited financial statements for the fiscal year ended September 30, 2021, and the report of the auditor dated March 29, 2022, is included herein as Appendix B. KPMG LLP, the independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements of the Harbor Department addressed in that report. KPMG LLP also has not performed any procedures relating to the Port's and the Harbor Department's information included in this Official Statement.

## **AVAILABLE TIDELANDS OIL REVENUE**

### **General**

Available Tidelands Oil Revenue consists principally of certain oil revenues collected from the operation of the Wilmington Oil Field. Prior to their transfer to the Tideland Operating Fund, Available Tidelands Oil Revenue is deposited to the Tideland Oil Revenue Fund. The Tideland Oil Revenue Fund was established and is maintained by the City Treasurer pursuant to Section 1709 of the City Charter. In addition to the Available Tidelands Oil Revenue, certain other amounts are deposited to the credit of the Tideland Oil Revenue Fund, including proceeds and receipts received from the sale or disposition of oil and gas extracted from the Tidelands Area. These other amounts deposited to the Tideland Oil Revenue Fund are not pledged to nor do they secure the payment of the Series 2017 Bonds or the Series 2022 Bonds. Of the amounts deposited to the Tideland Oil Revenue Fund, only the Available Tidelands Oil Revenue is pledged to and secures the payment of the Series 2017 Bonds and the Series 2022 Bonds.

### **The Wilmington Oil Field**

The Wilmington Oil Field was discovered in 1936 and is one of the largest oil fields in North America with an ultimate recovery estimated at over three billion barrels of oil over its total life (including amounts recovered to date). The Wilmington Oil Field is comprised of West Wilmington and East Wilmington (Long Beach Unit). The field is located on the 13 mile long and three mile wide Wilmington Anticline that extends from onshore San Pedro to offshore Seal Beach and is divided vertically by faults creating separate producing entities called Fault Blocks. Oil is produced from five major sand intervals ranging in depths from 2,000 feet to 11,000 feet where over 2.6 billion barrels of oil have been recovered. Oil and gas are recovered through primary production and water flooding. A total of approximately 6,700 wells have been drilled to date.

Operation of the Wilmington Oil Field is managed by two contractors, Tidelands Oil Production Company ("Tidelands OPC") and THUMS Long Beach Company (both companies are owned by California Resources Corporation, described below). The City administers all City oil operations, contracts, leases and agreements and directs all subsidence control operations through its Energy Resources Department.

#### ***West Wilmington.***

General/History and Current Operation. From 1911 through 1935, the State granted the City the Tidelands Area. The City received the Tidelands Area in trust for the purposes of developing commerce, navigation, fisheries and recreation. In 1938, the California Supreme Court ruled that the development and production of oil from the Tidelands Area was compatible with the trust.

The Wilmington Oil Field (which at that time only included West Wilmington) was discovered in 1936. By 1939, the City, through the Harbor Department, let its first 25-year field contract to Long Beach

Oil Development Company (“LBOD”) to develop its tidelands oil properties. Since then, the City has had a number of contractual arrangements with private parties to develop and operate the Tidelands oil properties. Pursuant to these arrangements the private parties have significant economic incentives, subject to City review and approval of drilling activities.

During the early 1940’s, the City and the U.S. Navy (which previously had a base and shipyard located in the Tidelands Area) noticed the land surface in parts of the Tidelands Area was sinking due to oil production. The City initiated a waterflood in part of West Wilmington to replace the fluid withdrawals and arrest subsidence, which also resulted in increased oil production. In the mid-1950’s, the federal government succeeded in litigation against the City holding it liable for subsidence within the Long Beach Naval Shipyard and Navy Base. In 1958, the State enacted the Subsidence Control Act enabling the City to force owners of oil fields in subsidence prone areas to pay their share of costs in order to prevent the sinking of the surface.

In the early 1960’s, the City entered into separate arrangements for the operation of various parts of the oil properties with Union Pacific Resources Company (“UPRC”) and Mobil Oil. In 1964, LBOD was the successful bidder for a new 25-year Harbor Parcel Field Contract with a bid enabling the City to retain 91% of the net profits.

In 1989, Tidelands Oil Production Company (“Tidelands OPC”) was awarded an 11-year field contract for operation of parts of West Wilmington with a bid enabling the City to retain 95% of the net profits. Tidelands OPC is the current operator of West Wilmington. In 1991, the State enacted legislation authorizing the City, with approval of the State Lands Commission, to extend the term of Tidelands OPC’s field contract to 2025 based on the implementation of a thermal oil recovery project.

West Wilmington is a very mature oil field. Based on current oil extraction technology, as of January 1, 2021, the City estimated that there were approximately 32 million barrels of proved reserves in West Wilmington and that it would take until Fiscal Year 2034-35 to extract such reserves.

West Wilmington Base Oil Revenue. Pursuant to several agreements (the “West Wilmington Base Agreements”) entered into by the City, acting by and through the Harbor Board, and Tidelands OPC, Tidelands OPC agreed to manage West Wilmington for the City and the City received 100% of certain net profits generated from oil produced in West Wilmington. In January 2010, the City and Tidelands OPC entered into the Agreement for Implementation of an Optimized Waterflood Program for the West Wilmington Oil Field, (the “West Wilmington Optimized Waterflood Agreement”), pursuant to which Tidelands OPC agreed to make certain capital investments in West Wilmington in order to increase oil production, and, as an incentive to Tidelands OPC for undertaking such financial risk, Tidelands OPC would receive, among other things, a portion of the net profits attributable to the increased oil production. Under the West Wilmington Optimized Waterflood Agreement, the City and Tidelands OPC agreed to a level of base oil production (the “West Wilmington Base Production”), and that the City would be allocated 97% of the net profits (the “West Wilmington Base Oil Revenue”) from such West Wilmington Base Production. The amount of West Wilmington Base Oil Revenue payable to the City each Fiscal Year is dependent on the price of oil and the remaining production life of West Wilmington (the end of its production life is currently estimated to occur in 2035).

West Wilmington Incremental Oil Revenue. In addition to setting forth the provisions for the calculation and receipt of West Wilmington Base Oil Revenue, the West Wilmington Optimized Waterflood Agreement, provides that any net profits attributable to oil production that exceed the West Wilmington Base Production is to be divided among Tidelands OPC (49%) and the City (51%) (the “West Wilmington Incremental Oil Revenue”). The City received West Wilmington Incremental Oil Revenue for the first time in Fiscal Year 2011-12. The amount of West Wilmington Incremental Oil

Revenue payable to the City each Fiscal Year is dependent on the price of oil and the remaining production life of West Wilmington (the end of its production life is currently estimated to occur in 2035).

Tideland's Special Facilities and Services Charge. On January 1, 1970, the City began assessing a land rental charge on all lands within the tideland portion of the Harbor District which were occupied by oil operations. As a result of the State's objection to the assessment of such land rental charge, in October 1976, the City and the State, acting by and through the State Lands Commission, entered into an agreement (the "Tideland's Special Facilities and Services Charge Agreement"), pursuant to which, the City and the State agreed, among other things, to allow the City to apply and collect a special facilities and services charge (the "Tideland's Special Facilities and Services Charge") on all oil operations within the tideland portion of the Harbor District, except for those areas occupied by the East Wilmington oil operations. The Tideland's Special Facilities and Services Charge is a square footage charge on all land within the tideland portion of the Harbor District which is occupied by oil operations (except for those located in East Wilmington). The Tideland's Special Facilities and Services Charge is adjusted yearly based on an inflationary index based on salary and benefit costs for a representative sampling of those municipal employees providing services to the oil operations.

#### ***East Wilmington (Long Beach Unit).***

General/History and Current Operation. In 1962, after the City proved it could control subsidence, it placed a referendum before its residents to allow development of East Wilmington, the offshore area of the Tidelands Area, from four landscaped oil islands under the direction and control of the City. In 1964, the State enacted Chapter 138 authorizing the City to develop the offshore area of the Tidelands Area as a unit with the City as unit operator. THUMS (a consortium comprised of various oil companies) became the initial field contractor with a bid providing 95.5% of the net profits going to the City. Development drilling began in 1965.

In the early 1990's, ARCO Long Beach, Inc. and Atlantic Richfield Company (the predecessors to California Resources Long Beach) approached the City and the State with a proposal to develop and fund an optimized waterflood program in East Wilmington for a share of the incremental production. In 1991, the State enacted Chapter 941, California Statutes of 1991 ("Chapter 941"), which authorized the City, State, ARCO Long Beach, Inc. and Atlantic Richfield Company to enter into an optimized waterflood program agreement. See "East Wilmington Incremental Oil Revenue" below for more information about the optimized waterflood program agreement entered into for East Wilmington. Since 2000, THUMS Long Beach Company has been the sole field contractor for East Wilmington.

East Wilmington is a mature oil field. Based on current oil extraction technology, as of January 1, 2021, the City estimated that there were approximately 76 million barrels of proved reserves in East Wilmington and that it would take until Fiscal Year 2034-35 to extract such reserves. However, the current oil extraction technologies are costly and sensitive to oil price.

Chapter 138 Revenues. Chapter 138 provided for the formation of East Wilmington as the mechanism for developing the oil reserves beneath the offshore area of the Wilmington Oil Field. The City was designated as the unit operator, with the City having control over the day-to-day operation (through the City's contractor) of East Wilmington, while the State retained control over budgetary matters. Pursuant to subdivision (e) of Section 4 of Chapter 138, each year the City receives a small portion of the tidelands oil revenue from East Wilmington, which since 1988 has been \$1,000,000 per year. The City will continue to receive the \$1,000,000 until such time as no oil is being produced in East Wilmington.

East Wilmington Incremental Oil Revenue. Pursuant to Chapter 941, the City entered into the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, dated as of November 5, 1991 (the “East Wilmington Optimized Waterflood Agreement”) with the State, acting through the State Lands Commission, California Resources Corporation (as successor to Atlantic Richfield Company) and California Resources Long Beach (“CRC”) (successor to ARCO Long Beach, Inc.), whereby CRC agreed to make certain capital investments in East Wilmington in order to increase oil production, and, as an incentive to CRC for undertaking such financial risk, CRC would receive a portion of the net profits attributable to the increased oil production. Under the East Wilmington Optimized Waterflood Agreement, the City, the State and CRC agreed to a level of base oil production (the “East Wilmington Base Production”), the net profits from which would continue to be distributed between CRC and the State based on the original percentage of net profits agreed to by CRC and the State, and that, after January 1, 2000, the net profits attributable to oil production that exceeded the East Wilmington Base Production would be divided among CRC (49%), the State (42.5%) and the City (8.5%) (the “East Wilmington Incremental Oil Revenue”). The amount of East Wilmington Incremental Oil Revenue payable to the City each Fiscal Year is dependent on the price of oil and the remaining production life of East Wilmington (the end of its production life is currently estimated to occur in 2035).

THUMS Land Lease. The City and THUMS Long Beach Company (“THUMS Long Beach”), entered into a Lease, dated January 2, 1997, as amended (the “THUMS Land Lease”), pursuant to which the City leased certain parcels of real property located in the Harbor District to THUMS Long Beach in connection with its oil operations within and adjacent to the Harbor District. Pursuant to the THUMS Land Lease, THUMS Long Beach pays the City rent on a monthly basis for the use of such real estate. The monthly rental payments are set pursuant to the terms of the THUMS Land Lease and are adjusted on a periodic basis based on the consumer price index for the Los Angeles-Anaheim-Riverside area. Rent paid by THUMS Long Beach under the THUMS Land Lease is paid to the City for deposit in the Tideland Oil Revenue Fund. The THUMS Land Lease has a termination date of March 31, 2025, unless the lease is terminated earlier pursuant to its terms.

THUMS Pipeline License. The City and THUMS Long Beach, entered into a Pipeline License, with an effective date of February 11, 2005 (the “THUMS Pipeline License”), pursuant to which the City permits THUMS Long Beach to lay, maintain, operate, repair and renew the pipelines with necessary attachments, facilities and appurtenances for the transportation of oil, gas, other hydrocarbons, and water, and the right of ingress and egress to and from the same over City-owned property in the Harbor District. Pursuant to the THUMS Pipeline License, THUMS Long Beach pays the City an annual fee. The annual fee is set pursuant to the terms of the THUMS Pipeline License and is adjusted on a periodic basis based on the pricing provisions set forth in Port of Long Beach Tariff No. 4. THUMS Long Beach has approximately 25 miles of pipeline throughout the City, mostly confined to the Harbor District areas (not including smaller piping on the land lease sites) to move gas and oil for sales, and water to different sites for water injection purposes. The fees paid by THUMS Long Beach under the THUMS Pipeline License is paid to the City for deposit in the Tideland Oil Revenue Fund. The THUMS Pipeline License may be terminated by either the City or THUMS Long Beach at any time pursuant to the terms of the THUMS Pipeline License.

## **Markets and Pricing of Wilmington Field Oil**

The amount of West Wilmington Base Oil Revenue, West Wilmington Incremental Oil Revenue and East Wilmington Incremental Oil Revenue collected by the City each Fiscal Year is mostly dependent upon the amount of oil produced in West Wilmington and East Wilmington, respectively, and the prices at which such oil is sold. Most of the oil produced in the Wilmington Oil Field is sold to local refineries, which use the oil to produce gasoline, diesel and airplane fuel and in the production of asphalt. Oil produced in the Wilmington Oil Field is generally sold at prices based upon the benchmark price of

Wilmington with an API gravity adjustment. The benchmark price of Wilmington is generally less than the benchmark price of West Texas Intermediate (the price of oil most widely cited in the United States). The following table sets forth the average price of Wilmington and West Texas Intermediate (shown for comparison purposes only) for Fiscal Years 2016-17 through 2021-22.

**TABLE 10**  
**AVERAGE OIL PRICES**  
**Wilmington and West Texas Intermediate**  
**(Dollars per barrel)**

<b>Fiscal Year Ended September 30</b>	<b>Wilmington<sup>(1)</sup></b>	<b>West Texas Intermediate</b>
2017	\$46.60	\$49.40
2018	66.23	63.82
2019	63.21	57.62
2020	44.71	43.19
2021	59.78	59.38
2022 <sup>(2)</sup>	94.17	93.75

(1) Based upon the Midway Sunset benchmark.

(2) Fiscal Year 2021-22 through July 12, 2022

Source: City of Long Beach

Oil produced in the Wilmington Oil Fields also is priced with a price adjustment based on the oil’s API gravity, which is a measurement of how heavy or light a petroleum liquid is compared to water. The higher an oil’s API gravity the “lighter” the oil is and the less the adjustment. Oil produced in the Wilmington Oil Fields generally has an API gravity of approximately 17 degrees (West Texas Intermediate crude has a API gravity of approximately 38-40 degrees).

For budgeting purposes, the City has historically utilized projections of oil prices it believes to be conservative. For budgeting in both Fiscal Year 2021-22 and 2022-23, the City used \$55 per barrel.

**Projected Well Count and Reserves**

The following table shows projected well count, remaining proved reserves and projected barrels of oil production per day with respect to the Wilmington Oil Field. The table reflects only oil that can be produced on an economical basis, and, therefore, a major consideration in the development of the projections in the table below is the assumed prevailing price of oil during the projection period. For purposes of the table, a price of \$55 per barrel has been assumed. If the prevailing price of oil is lower during the projection period, the well count, remaining proved reserves, and barrels of oil production per day will be lower than the amounts set forth in the table. The projections also assume there will be no changes in law, or force majeure events which materially limit oil production. As a result, there can be no assurances that oil production or revenues will be achieved at the levels set forth in the table. See “RISK FACTORS – Factors Affecting Oil Production and Revenues.”

**TABLE 11**  
**Certain Projected Information Concerning the Wilmington Oil Field**

<u>Calendar Year</u>	<u>Well Count</u>	<u>Remaining Proved Reserves (Barrels)</u>	<u>Barrels of Oil Production Per Day</u>
2021	1,157	108,975,000	15,270
2022	1,118	103,405,211	15,260
2023	1,070	98,157,955	14,376
2024	1,009	93,224,610	13,516
2025	954	88,648,096	12,538
2026	889	84,400,878	11,636
2027	845	80,457,735	10,803
2028	803	76,795,539	10,033
2029	762	73,393,074	9,322
2030	724	70,230,853	8,664
2031	688	67,290,970	8,054
2032	654	64,556,959	7,490
2033	621	62,013,664	6,968
2034	590	59,647,129	6,484
2035	560	57,444,489	6,035

Source: City of Long Beach Energy Resources

**Available Tidelands Oil Revenues, Oil Reserves and Production**

The following table sets forth historical Available Tidelands Oil Revenues and information with respect to oil prices and oil production in the Wilmington Oil Field for Fiscal Years 2016-17 through 2020-21 and projected Available Tidelands Oil Revenues for Fiscal Years 2021-22 through 2025-26. AS described above, a key assumption in the development of the projections is that oil prices will be \$55 per barrel during the projection period. The City cannot predict future oil prices. To the extent oil prices differ from the \$55 per barrel price assumed in the table, actual Available Tideland Oil Revenues will be impacted, and their can be no assurances that actual Available Tideland Oil Revenues will not be materially less than the projected amounts.

**TABLE 12  
HISTORICAL AND PROJECTED AVAILABLE TIDELANDS OIL REVENUES  
AND OIL PRICES AND OIL PRODUCTION**

	<i>Fiscal Year Ending 9/30</i>									
	<i>Actual Results</i>					<i>Projections</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022<sup>(1)</sup></i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>
<b>Available Tidelands Oil Revenue</b>										
<b>LBU</b>										
Chapter 138	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
East Wilmington Incremental Oil	9,533	16,129	14,222	6,067	10,593	12,887	3,957	2,608	1,314	230
Thums Land Lease	2,783	2,642	2,638	2,923	3,163	3,227	3,291	3,357	3,424	3,493
Thums Pipeline License	258	244	244	271	293	299	305	311	317	323
Total:	<u>\$13,574</u>	<u>\$20,015</u>	<u>\$18,105</u>	<u>\$10,261</u>	<u>\$15,049</u>	<u>\$17,413</u>	<u>\$8,552</u>	<u>\$7,275</u>	<u>\$6,056</u>	<u>\$5,046</u>
<b>West Wilmington</b>										
WW Base Oil	\$2,480	\$2,760	\$1,061	\$1,818	\$3,020	\$4,806	\$2,685	\$2,349	\$2,062	\$1,879
WW Incremental Oil	-	-	-	0	0	5,356	6,316	5,696	5,002	4,356
Tidelands Special Facilities & Service Charge	2,113	2,006	2,003	2,219	2,402	2,450	2,499	2,549	2,600	2,652
Total:	<u>\$4,593</u>	<u>\$4,766</u>	<u>\$3,064</u>	<u>\$4,037</u>	<u>\$5,421</u>	<u>\$12,612</u>	<u>\$11,499</u>	<u>\$10,594</u>	<u>\$9,664</u>	<u>\$8,887</u>
<b>LESS Abandonment Fund</b>	(\$2,818)	(\$7,779)	(\$5,811)	(\$0)	(\$6,975)	(\$7,125)	(\$7,125)	(\$7,125)	(\$7,125)	(\$7,125)
<b>Available Tidelands Oil Revenue<sup>(2)</sup></b>	\$15,349	\$17,002	\$15,358	\$14,298	\$13,495	\$22,900	\$12,926	\$10,774	\$8,595	\$6,808
<b>Oil Prices and Oil Production</b>										
Average Price per Barrel <sup>(3)</sup>	\$45.60	\$66.23	\$63.21	\$44.71	\$59.78	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00
<b>Oil Production (1000s Barrels/Fiscal Year)<sup>(2)</sup></b>										
East Wilmington	7,565	7,315	6,887	6,365	5,660	5,337	4,910	4,561	4,223	3,928
West Wilmington	1,015	936	916	879	774	750	714	683	654	628
<b>Active Wells</b>										
East Wilmington	1,195	1,135	1,101	1,100	1,157	1,118	1,070	1,009	954	889
West Wilmington	215	217	202	206	192	189	190	185	180	178

Fiscal Year 2021-22 amounts are estimated, based on year-to-date unaudited results.

See "Potential Regulatory Action Affecting Tidelands Oil Revenues" for a discussion of potential reductions in Tidelands Oil Revenues.

Oil prices for Fiscal Years 2016-17 and subsequent years were prepared by the City.

Source: The City of Long Beach



## **Potential Regulatory Action Affecting Tidelands Oil Revenues**

Operation of the Wilmington Oil Field is subject to regulation and oversight at the federal and state levels, including regulation by the California Energy Management Division (“CalGEM”). One subject of regulation is the allowable injection gradients, which generally are used to determine the amount of water that may be injected into the Wilmington Oil Field in connection with the production of oil. Injection of water is also required to minimize subsidence. The allowable injection gradients have been determined using the “step-rate test” method (“SRT Method”) for the last 50 years. CalGEM has been evaluating alternative testing methods with respect to injection gradients since 2013.

In March 2022, CalGEM indicated that they will require the injection gradient to be reduced by 20% for the Wilmington Oil Field. The City has recommended utilizing CalGEM’s third party lab to provide an independent review of the injection gradient issue. If required to reduce the injection gradient, the City estimates the net reduction to Tidelands Oil Revenues would be approximately \$2 million annually.

As described below, oil production at the Wilmington Oil Field depends in part on the overall financial return to the City and its private contractors. If the injection gradient is reduced by CalGEM, there can be no assurances that the resulting reduction in revenues (including Tidelands Oil Revenues) will not result in a reduction in the production life of the Wilmington Oil Field, potentially even to a point earlier than the maturity date of the Series 2022 Bonds. See “RISK FACTORS – Factors Affecting Oil Production and Revenues” and “- Regulations Affecting Oil Production.”

## **Factors Affecting Oil Production and Tidelands Oil Revenues**

The amount of Tidelands Oil Revenue payable to the City each Fiscal Year is dependent on the price of oil and the remaining production life of the Tidelands oil properties. Production life depends in part on the implementation of continuing capital improvements to the oil fields. In the past, the City has temporarily idled certain production wells from time to time as a result of depressed oil prices. Decreases in oil prices, or reduced production due to regulatory actions or otherwise could result in declining profitability of the oil operations, which in turn could result in reduced oil production and further revenue declines. See “RISK FACTORS – Factors Affecting Oil Production and Revenues.”

In addition, from time to time members of the City Council and other City stakeholders have publicly advocated that the City cease oil operations prior to 2035, and recommended that the City Council undertake one or more studies to explore the issue. (The Series 2022 Bonds mature in 2029.) The 2022 Indenture provides that the City shall not repeal, amend or otherwise modify any document, agreement, ordinance, settlement or other contractual or legal right or claim it has to receive Available Tidelands Oil Revenue and Available Tidelands Operating Revenue that would materially adversely affect the amount, or delay the receipt by the City, of Available Tidelands Oil Revenue and Available Tidelands Operating Revenue. In addition, the 2022 Indenture provides that the City shall not amend or repeal any ordinance or resolution or any provision of its Municipal Code or the City Charter, which amendment or repeal would materially adversely affect the timing or amount of moneys deposited or permitted to be deposited in the Tideland Operating Fund or the Tideland Oil Revenue Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Other Covenants.”

## **RISK FACTORS**

### **Deposits to Tideland Operating Fund**

Approximately 67% of the amounts deposited to the Tideland Operating Fund in Fiscal Year 2020-21 consisted of the 5% Transfer and Available Tidelands Oil Revenue. Transfers into the Tideland Operating Fund each Fiscal Year are subject to the City's budgeting process. The City's consistent practice is to budget for and request all transfers (including the Available Tidelands Oil Revenue and the 5% Transfer) into the Tideland Operating Fund to which the fund is entitled to receive on an annual basis.

The amount of Available Tidelands Oil Revenue each Fiscal Year will be primarily dependent on the amount of oil recovered from the Wilmington Oil Field and on the price at which such oil is purchased. The actual amount of oil recovered and the price at which such oil is purchased depends upon a number of factors, including specifically the rate of consumption of motor fuels and the substitution of alternative energy sources for motor vehicles which may be affected by a number of factors including, but not limited to: (a) increasing costs of motor fuels reducing demand; (b) increasing fuel efficiency of motor vehicles and the substitution of alternative energy sources for motor vehicles; (c) development of alternative energy sources; (d) development of mass transit; and (e) changing demographics within the City and State. See "—Factors Affecting Oil Production and Revenues." While Available Tidelands Oil Revenues increased significantly in Fiscal Year 2021-22, primarily as a result of increasing prices for oil, there can be no assurances that oil prices will not decline in the future.

The 5% Transfer is based upon gross operating revenues of the Harbor Department. The amount of gross operating revenues of the Harbor Department (and hence the amount of the 5% Transfer) is not within the control of the City. Gross operating revenues of the Harbor Department are significantly influenced by a variety of factors, including, among others, global and domestic economic conditions, fuel prices, construction activity, currency values, international trade, availability of effective labor support, the financial condition of maritime related industries, the proliferation of operational alliances and other structural conditions affecting maritime carriers.

### **Factors Affecting Oil Production and Tidelands Revenues**

The amount of Available Tidelands Oil Revenue each Fiscal Year is dependent on the amount of oil recovered from the Wilmington Oil Field and on the price at which such oil is sold. The oil industry is fundamentally a commodity business. This means that Available Tidelands Oil Revenue may be significantly affected by changes in oil prices and by changes in margins on refined products (e.g., gasoline). The production of oil in the Wilmington Oil Field is very costly. Since the Wilmington Oil Field is a mature oil field, it takes more effort and money each year to produce each barrel of oil. If world oil prices decline from the levels contemplated by the City, oil in the Wilmington Oil Field may not be able to be produced at a profit and Available Tidelands Oil Revenue will be adversely negatively affected. Additionally, if oil prices decline, the production life of the Wilmington Oil Field also will be negatively affected because the amount of recoverable oil in the Wilmington Oil Field, and therefore the life of the field, is directly related to how much oil can be produced at a profit. Oil production at the Tidelands Oil Field may also be reduced as a result of regulatory actions. See "AVAILABLE TIDELANDS OIL REVENUES- Potential Regulatory Action Affecting Tidelands Oil Revenues."

Oil prices and margins on refined products are dependent on local, regional and global events or conditions that affect supply and demand. The demand for energy and oil products correlates closely with general economic growth. Recessions or other periods of low or negative economic growth will typically have a direct adverse impact on the demand for oil and its price. Other factors that impact the demand for oil include, among other factors, changes in population growth, periods of civil unrest, technological

improvements in energy efficiency, environmental regulations, seasonal weather patterns, increased competitiveness of alternative energy sources that have so far generally not been competitive with oil without the benefit of government subsidies or mandates, and changes in technology or consumer preferences that alter fuel choices (such as alternative fueled vehicles). The price of oil also can be negatively affected by the development of new oil sources and technologies to enhance the recovery of oil from existing sources to the extent such supply increases are not offset by commensurate growth in demand. World oil supply levels and oil prices can also be affected by factors that reduce available supply, such as adherence by member countries to OPEC production quotas and the occurrence of war, hostile actions, natural disasters or unexpected unavailability of distribution channels that may disrupt supplies.

### **Regulations Affecting Oil Production**

Like all oil production throughout the United States, oil production in the Wilmington Oil Field is subject to numerous federal, State and local laws and regulations, including, among others, health, safety and environmental laws and regulations. Many of these laws and regulations have extensive protocols that must be complied with and such compliance can be quite costly; which in turn reduces that amount of Available Tidelands Oil Revenue. In addition to the federal, State and local laws and regulations that directly affect the production of oil in the Wilmington Oil Field, there are numerous indirect federal, State and local laws and regulations that affect the production of oil in the Wilmington Oil Field and the level of Available Tidelands Oil Revenues, such as laws and regulations limiting greenhouse gas emissions, requiring increased fuel efficiency of vehicles or mandating use of alternative fuel sources. The City cannot predict what additional federal, State or local laws and regulations may be adopted in the future and what adverse effects, if any, such regulations may have on the production of oil in the Wilmington Oil Field and on Available Tidelands Oil Revenue. See “AVAILABLE TIDELANDS OIL REVENUES – Potential Regulatory Action Affecting Tidelands Oil Revenues.”

### **Approval of 5% Transfer**

The 5% Transfer from the Harbor Revenue Fund is subject to the approval of a majority of all the members of the Harbor Board, expressed by resolution, finding and determining that the funds proposed to be transferred will not be needed for Harbor Department operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal of and interest on the revenue bonds issued by the Harbor Department or result in noncompliance by the Harbor Department of its debt to revenue coverage requirements. The 5% Transfer is also subject to the approval of two-thirds of the members of the City Council.

Neither the Harbor Board or the City Council is legally obligated to approve the 5% Transfer, and failure to approve the 5% Transfer by either the Harbor Board or the City Council does not constitute an event of default under the 2022 Indenture. The 5% Transfer constituted approximately 41% of the the amounts deposited to the Tideland Operating Fund in Fiscal Year 2020-21.

### **Factors Affecting Demand for Port Facilities**

The 5% Transfer is dependent on the continuing financial performance of the Port and the availability of sufficient Harbor Department revenues. The demand for Port facilities and the revenues of the Harbor Department are significantly influenced by a variety of factors, including, among others, global, domestic and local economic and political conditions, governmental regulation (including tariffs and trade restrictions), fuel prices, construction activity, currency values, international trade, availability and cost of labor, vessels, containers and insurance, the efficiency and adequacy of transportation and terminal infrastructure at the Port, the adequacy and location of major distribution hubs, the financial

condition of maritime related industries, world health concerns, the proliferation of operational alliances and other structural conditions affecting maritime carriers. See “—Alliances and Consolidation of Container Shipping Industry” below.

The global, domestic and local economies play a very important role in the Port’s container volumes and resulting revenues. In 2008 and 2009, the global economic recession resulted in a significant drop in global trade. This was exemplified by an approximately 8.5% decrease in the Port’s container volume in Fiscal Year 2008 as compared to Fiscal Year 2007 and an additional decrease of 21.6% in Fiscal Year 2009 as compared to Fiscal Year 2008. Future adverse economic conditions or actions that could negatively affect the economy (e.g., tariffs) could have an adverse effect the revenues of the Harbor Department.

In the past, most recently being in late 2014 and early 2015, another factor affecting demand at the Port (and the Port of Los Angeles) has been congestion which has been caused by, among other things, ocean carriers divesting chassis ownership, shipping alliances and consolidation of the container ship industry, prolonged labor contract negotiation, and large volume ships straining marine terminal operating methods. Between October 2014 and March 2015, cargo throughput at the San Pedro Bay Ports decreased by 1.8% as compared to the period between October 2013 and March 2014. The Harbor Department cannot predict if congestion again will result in decreased demand of the Port’s facilities.

The outbreak of the 2019 Coronavirus, which has caused respiratory diseases in China and spread to 60 other countries, including the United States, has been declared a “Public Health Emergency of International Concern” (PHEIC) by the World Health Organization (“WHO”). The outbreak has had a negative impact on the global supply chain, including numerous, ongoing factory closures in China, which has in-turn led to higher-than-normal cancellations of ships coming from China to the Port. China is the number one source of inbound cargo at the Port. As of the date of this Official Statement, the Harbor Department cannot predict the duration of the factory closures in China and the resulting decrease in the number of ships calling at the Port or any other potential negative effects on activity at the Port as a result of the 2019 Coronavirus. Any prolonged reduction in the number of ships calling at the Port or any other negative effects on activity at the Port could result in decreased Harbor Department revenues. Such reduction in the number of ships calling at the Port could also result in a subsequent surge in inbound cargo at a later time.

### **Port Competition**

In addition, the imposition of fees that apply only to the Port or to a group of ports that includes the Port, may increase the cost to ocean carriers of utilizing the Port and may ultimately result in those ocean carriers using competing port facilities. The Harbor Department may reduce the tariffs or other charges applicable to its ocean carriers to moderate some or all of the potential impact, which in turn would reduce Harbor Department revenues. See “—Factors Affecting Demand for Port Facilities” above.

There is significant competition for container traffic among North American ports. Success depends largely on the size of the local market and the efficiency of the port and inland transportation systems for non-local destinations. According to the American Association of Port Authorities, for the calendar year ended December 31, 2020, the top nine container ports in the nation in terms of container cargo were: (1) Port of Los Angeles (9.3 million TEUs), (2) Port of Long Beach (8.1 million TEUs), (3) Ports of New York and New Jersey (7.6 million TEUs), (4) Georgia Ports Authority (4.7 million TEUs); (5) The Northwest Seaport Alliance (Ports of Seattle and Tacoma) (3.3 million TEUs), (6) Port of Houston (3.0 million TEUs), (7) Port of Virginia (2.8 million TEUs), (8) Port of Oakland (2.5 million TEUs), (9) South Carolina Ports (2.3 million TEUs) and (10) Port Miami (1.1 million TEUs).

Primary competition for the Port comes from the U.S. West Coast Ports of Los Angeles, Oakland, Seattle and Tacoma and the Canadian Ports of Vancouver and Prince Rupert. All-water service from Asia to the U.S. Gulf Coast and East Coast ports through the Panama Canal and through the Suez Canal also compete for the same cargoes. Improvements completed in 2016 to the Panama Canal will allow larger ships carrying up to 14,000 TEUs to traverse the canal and some diversion of Asian imports from West Coast ports to the U.S. East and Gulf Coast ports may increase. In addition, there may be longer-term competition from the West Coast ports of Mexico. All of these ports compete with the Port for discretionary intermodal cargo destined for locations in the Central and Eastern United States and Canada. Currently, this discretionary cargo moves eastward primarily by rail, after being off-loaded at West Coast ports in the United States and Canada. Discretionary cargo is highly elastic and is controlled largely by cargo owners and/or ocean carriers who can direct and redirect cargo to any port they choose. Currently, approximately 65% of the cargo handled by the Port is discretionary cargo. Each port has various competitive advantages and disadvantages in attracting this cargo, but overall cost is the primary factor in routing decisions. The greatest risk to the Port's market share is with the intermodal discretionary cargo segment. Reduced market share ultimately could impact revenue for the Harbor Department. See "THE PORT—Stevedoring and Cargo Handling."

***Southern California.*** The Port and the Port of Los Angeles compete for cargo that "naturally" moves through Southern California. Such cargo includes both local cargo (e.g., cargo consumed within the locally defined region) and cargo that is routed through Southern California for other reasons (e.g., superior inland distribution capability). The population base in Southern California has been a key driving force for the growth of container cargo moving through the San Pedro Bay Ports. The roughly 24 million people living in Southern California are a lucrative market for imported goods which cargo owners and ocean carriers need to service directly. The development of large efficient container terminals and connections to intermodal rail links benefit the carriers and cargo owners due to the economies of scale at the San Pedro Bay Ports. Most container services calling on the West Coast include stops in Southern California and of these stops, a majority utilize the San Pedro Bay Ports as their first port of call and primary intermodal gateway. Over the past ten calendar years, total container throughput at the San Pedro Bay Ports increased from approximately [\_\_\_] million TEUs in 2011 to approximately [\_\_\_] million TEUs in 2021. The San Pedro Bay Ports' share of total West Coast TEU throughput was approximately [\_\_\_]% in 2021.

The Port of Los Angeles is effectively the Port's only competition for the local market areas of Southern California, Arizona, New Mexico, Southern Nevada and Utah because of its proximity to the Port and shared inland infrastructure. Other Southern California ports, such as San Diego and Hueneme, account for a very small percentage of total West Coast cargo volume and are not expected to increase their market shares significantly in the foreseeable future. The Port of Los Angeles was the number one container port in the nation during calendar year 2021, moving approximately 10.7 million TEUs, as compared to the Port (the second busiest container port in the nation) which moved approximately 9.4 million TEUs. For calendar year 2021, the Port's share of total West Coast containerized cargo was approximately [\_\_\_]% as compared to approximately [\_\_\_]% for the Port of Los Angeles.

***Oakland.*** The Port of Oakland is the primary container port for the San Francisco Bay Area. Although the Port of San Francisco has cargo handling facilities, its primary focus is waterfront commercial real estate. Therefore, the Port of Oakland dominates container traffic through Northern California. The Port of Oakland handled approximately [\_\_\_] million TEUs in calendar year 2021, accounting for approximately [\_\_\_]% of the West Coast container market.

***Pacific Northwest.*** Despite the relatively small population base of western Washington, the Ports of Seattle and Tacoma have some advantages over other ports. Located on Puget Sound, the Ports of Seattle and Tacoma enjoy naturally deep harbors and are one day's sailing time closer to the ports in the

Pacific Rim countries than the Port. Unlike the Port, the Ports of Seattle and Tacoma are subsidized by general property tax revenues, which allow them to price their marine terminal facilities below the Port's. The Ports of Seattle and Tacoma handled approximately [\_\_\_\_] million TEUs in calendar year 2021, and together accounted for a total of approximately [\_\_\_\_]% of the West Coast container market.

On December 1, 2014 the Ports of Tacoma and Seattle announced the formation of The Northwest Seaport Alliance to unify management at the two ports' marine cargo terminals and collaborate on business objectives, strategic maritime investments, financial returns, performance metrics, organizational structure and communications and public engagement.

The development of additional container handling capacity at Port Metro Vancouver ("PMV"), which was formed by the merger of the Ports of Vancouver, Fraser River and North Fraser River, has added a competitive threat to the Puget Sound ports and provides an alternative gateway for some U.S. intermodal cargo. Like the Ports of Seattle and Tacoma, PMV is one day's sailing time closer to the ports in the Pacific Rim countries than the Port. PMV handled approximately [\_\_\_\_] million TEUs in calendar year 2021, accounting for approximately [\_\_\_\_]% of the West Coast container market.

**All-Water Routes.** The use of all-water routes to the East and Gulf Coasts of the U.S. is an alternative to Asian intermodal cargo moving through United States West Coast ports. Demand for these all-water services increased following the 2002, 2008 and 2014 longshore contract issues that affected the entire West Coast. The primary appeal of the all-water routes is the expected reliability of the services (e.g., the lack of perceived labor shortages or work stoppages). Historically, constraints to all-water routes included lack of channel depth at many Gulf and East Coast ports compared to West Coast ports, longer shipping times, and vessel size limitations of the Panama Canal. The latter constraint was mitigated by an expansion of the Panama Canal, the completion of which occurred in 2016 and allows larger vessels carrying up to 14,000 TEUs to navigate the isthmus in order to reach Gulf and East Coast ports. The competitive landscape also includes plans now in the works for many ports to increase channel depth, and remove other physical obstacles which prevent the calling of "big ships," and enhancing operational efficiency through the purchase and use of new equipment and automation, as well as augmenting transportation infrastructure.

### **Alliances and Consolidation of Container Shipping Industry**

The financial health of the container shipping industry has experienced significant volatility and substantial stress has been placed on carriers because of a number of factors, including, among other things, the world financial crisis in 2008 and 2009, overcapacity of available ships, global supply and demand imbalances resulting in uneconomic freight rates, volatile fuel costs, and most recently the COVID-19 pandemic (though the container shipping industry has shown signs of strong recovery following its 2020 downturn).

In response to these challenges, among others, the container-shipping industry has seen the formation of strategic alliances among participants in the industry, and the merger of certain shipping lines. Because the industry is capital intensive, strategic alliances have emerged because they allow shipping lines to rationalize asset use through joint services, vessel sharing, and ship space chartering. These rationalization strategies have had a net positive impact on the overall financial health of the container shipping industry, with gains in operational efficiency, reductions in operating costs, including equipment and logistics costs, and increased productivity

As of the date of this Official Statement, there are three main shipping alliances, the 2M +Zim Alliance, THE Alliance, and the OCEAN Alliance. In 2014, Maersk and Mediterranean Shipping Company established the 2M Alliance, a ten-year shipping agreement for Asia-Europe, trans-Atlantic,

and trans-Pacific routes. In 2018, ZIM joined as a partner in the agreement. THE (Transport High Efficiency) Alliance, established in 2017, consists of Ocean Network Express (ONE) (which formed in April 2018 when NYK Line, MOL and "K" Line became one company), Yang Ming, and Hapag-Lloyd. HMM departed from the 2M+H+Z Alliance in April 2020 and joined ONE, Yang Ming and Hapag-Lloyd as a member of THE Alliance, as part of a 10-year agreement including Asia-Europe, Asia-Mediterranean, trans-Pacific to the United States west coast and east coast, trans-Atlantic, and Asia-Middle East routes. Finally, the OCEAN Alliance, established in 2017, consists of CMA-CGM, Evergreen, OOCL, and COSCO. According to the OCEAN Alliance, its term runs ten years and includes Asia-Europe, Asia Mediterranean, trans-Pacific to United States west coast and east coast, trans-Atlantic, Asia-Red Sea, and Asia-Middle East routes.

Additional alliances and mergers could occur in the future. Alliances and consolidation in the container-shipping industry could impact container traffic at the Port and affect the revenues of the Harbor Department.

### **Factors Affecting the Port Master Plan**

The ability of the Harbor Department to complete the projects in the Port Master Plan may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) changes to the scope of the projects, including changes to federal security regulations; (d) delays in contract awards; (e) material and/or labor shortages; (f) unforeseen site conditions; (g) adverse weather conditions and other force majeure events, such as earthquakes; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation; (k) environmental issues; and (l) unavailability of, or delays in, anticipated funding sources. The Harbor Department can provide no assurance that the existing projects in the Port Master Plan will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to incur additional indebtedness.

### **Unavailability of, or Delays in, Anticipated Funding Sources**

As described herein, the Harbor Department anticipates that funding for the Capital Plan will be provided through proceeds of Senior Bonds and Subordinate Obligations, revenues of the Harbor Department, federal and State grants and other sources. See "CAPITAL DEVELOPMENT PROGRAM" for a description of the financing plan for the Capital Plan. In the event that any of such sources are unavailable for any reason, including unavailability of revenues of the Harbor Department, reduction in the amount or delays in the receipt of federal and State grants available to the Harbor Department or any other reason, the completion of the Capital Plan could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

### **Cybersecurity**

The City and the Harbor Department rely on computers and technology to conduct its operations. The City and its departments, including the Harbor Department, face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. To date, there have been no significant, cyber-attacks on the City's or the Harbor Department's computers and technologies.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's and the Harbor Department's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's or the Harbor Department's computers and

technologies could negatively impact the City's and/or the Harbor Department's operations, and the costs related to such attacks could be substantial. There can be no assurances cybersecurity incidents will adversely affect Tidelands Revenues.

### **Environmental Compliance and Impacts**

Future environmental laws, regulations, enforcement priorities and standards and judicial decisions may impact the Harbor Department and the Port and the ability to construct and develop new revenue-generating facilities at the Port. Such impacts could be material and could result in significantly delays.

In addition to the laws and regulations enacted and adopted by governmental entities, certain individuals and organizations could seek additional legal remedies to require the Harbor Department to take further actions to mitigate health hazards or seek damages from the Harbor Department in connection with the environmental impact of its maritime activities. Any actions taken by these individuals and organizations could be costly to defend, could result in substantial damage awards against the Harbor Department or could significantly delay or limit the Harbor Department's plans to construct and develop new revenue-generating facilities at the Port.

### **Climate Change**

In November 2015, the City Mayor signed an official commitment to the Compact of Mayors (now called the Global Covenant of Mayors), a global coalition working to collectively reduce greenhouse gas emissions and enhance resilience to climate change. As part of this commitment, the City is currently developing a Climate Action and Adaptation Plan ("CAAP"). The CAAP will also be used to ensure City compliance with various state and regional mandates. As part of the larger CAAP report process, the City is required to file a report with the State Lands Commission that will estimate the potential future costs of sea level rise within the Tidelands area of the City. The CAAP is intended to provide a framework for creating or updating policies, programs, practices, and incentives for City residents and businesses to reduce the City's greenhouse gas footprint, and better protect the City community and its physical assets from the impacts of climate change. The CAAP process to date has included the preparation of technical analyses and vulnerability assessments of critical City assets. Currently CAAP development efforts indicate that, in the future, climate-related hazards may impact the City, including sea level rise, flooding and extreme heat. Related impacts could include damage to critical City infrastructure, such as the City's buildings, and wastewater and transportation systems. The CAAP development process will also include the development of mitigation and adaptation strategies for the City to consider, including reductions of greenhouse gas emissions, strengthening emergency response and disaster recovery planning, and the relocation or elevation of infrastructure, business' and homes in areas particularly subject to climate impact.

It is currently expected that the final CAAP will be presented to the City Council in August 2022.

In 2016, the Harbor Department finalized the "Port of Long Beach Coastal Resiliency Plan", which aims to improve the resiliency of Port operations and infrastructure by proactively identifying areas and assets which will be vulnerable to anticipated changes in climate (including sea level rise) and providing cost-effective adaptation strategies to address those vulnerabilities.

The City is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2022 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Tidelands Revenues including the 5% Transfer.



## **Seismic Risks**

The City (including the Port and the Tidelands Area) is located in an area considered to be seismically active. The two faults closest to the Port are the Palos Verdes fault and the Newport-Inglewood fault. More distant faults with a history of causing earthquakes and damage include the San Andreas and San Jacinto faults. A significant earthquake is possible during the period the Series 2022 Bonds will be outstanding. Since 1975, the Harbor Department has designed wharves and other major facilities to withstand the effects of an 8.0 Richter Scale earthquake on the San Andreas fault and a 7.5 Richter Scale earthquake on either the Newport-Inglewood fault or the Palos Verdes fault.

The City (including the Port, the Tidelands Area, and the oil production facilities therein) could sustain extensive damage to its facilities in a major seismic event from ground motion and liquefaction of underlying soils, which damage could include slope failures along the shoreline, damage to streets, bridges and rail facilities, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, failure of bulkhead walls, and rupture of gas and fuel lines. A major seismic event in Southern California, or elsewhere in the world, also could result in the creation of a tsunami that could cause flooding and other damage. Damage as a result of a seismic event could materially adversely affect Tidelands Revenues.

Neither the City nor the Harbor Department maintains insurance against earthquake damage because of the high costs of premiums and the low levels of coverage currently available.

## **Termination or Expiration of Property Agreements**

Over the last five Fiscal Years, property agreements covering waterfront property and facilities have generated in excess of 95% of the Harbor Department's operating revenues, with the largest single customer accounting for approximately 23% of the Harbor Department's operating revenues in Fiscal Year 2021. Under these agreements, the City, by and through the Board, assigns or leases property and facilities to terminal operators for terms of up to 40 years. The property agreements with the Port's current top ten revenue producers have expiration dates ranging from 2022 to 2051, with eight of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2034.

Should a significant number of the parties to the property agreements default on their obligation, terminate their relationships with the Harbor Department or fail to renew their agreements upon expiration, the amount of revenues realized by the Harbor Department could be materially impaired and this could have an adverse impact on the Harbor Department's ability to make the 5% Transfer. See "THE PORT—Property Agreements."

## **Effect of Tenant Bankruptcy**

A bankruptcy of a tenant of the Port could result in delays and/or reductions in payments to the Harbor Department which could affect the Harbor Department's ability to make the 5% Transfer.

A tenant that has executed a preferential assignment agreement, lease or other executory contract with the Board and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its preferential assignment agreement or lease within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed, and further extensions are allowed with the consent of the Board), and (b) its other executory contracts with the Board prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the tenant would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable preferential assignment agreement, lease or other agreements.

Rejection of a preferential assignment agreement, lease or other agreement or executory contract will give rise to an unsecured claim of the Harbor Department for damages, the amount of which in the case of a preferential assignment agreement or lease is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a preferential assignment agreement or lease could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code.

In addition, payments made by a tenant in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an “avoidable preference” under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy.

During the pendency of a bankruptcy proceeding, a debtor tenant may not, absent a court order, make any payments to the Harbor Department on account of goods and services provided prior to the bankruptcy. Thus, the Harbor Department’s stream of payments from a debtor tenant would be interrupted to the extent of pre-petition goods and services, including accrued tariffs and rents.

In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Board may not be able to enforce any of its remedies under the agreements with a bankrupt tenant.

With respect to a tenant in bankruptcy proceedings in a foreign country, the Board is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Should a significant number of the parties to the major revenue producing property agreements file for bankruptcy protection, revenues received by the Harbor Department could be materially adversely impacted and this could have an adverse impact on the Harbor Department’s ability to make the 5% Transfer. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payment of the 5% Transfer. Regardless of any specific adverse determinations in a tenant bankruptcy proceeding, the fact of a tenant bankruptcy proceeding could have an adverse effect on the Series 2022 Bonds.

### **Effect of City Bankruptcy**

The City is able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Should the City become the debtor in a bankruptcy case, the owners of the Series 2022 Bonds will not have a lien on Tidelands Revenues received by the City after the commencement of the bankruptcy case unless the bankruptcy court determines that Tidelands Revenues constitute “special revenues” within the meaning of the United States Bankruptcy Code. “Special revenues” are defined to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor. While the City believes that Tidelands Revenues should be treated as “special revenues,” no assurance can be given that a bankruptcy court would not find otherwise. If Tidelands Revenues are not “special revenues,” there could be delays or reductions in payments on the Series 2022 Bonds.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2022 Bonds. The City cannot predict what types of orders and/or relief may be granted by a bankruptcy court that could have a material adverse effect on the City's receipt or application of Tidelands Revenues. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding or of City financial difficulties could have an adverse effect on the liquidity and market value of the Series 2022 Bonds.

### **Impact of Labor Negotiations**

Protracted negotiations in 2014 and 2015 between the ILWU and the Association, although not involving any employees of the Harbor Department, had a compounding effect on congestion issues that had slowed down container cargo movement through San Pedro Bay Ports from September 2014 through February 2015. The Association and the ILWU reached a tentative agreement on February 20, 2015 which was approved by ILWU delegates on May 22, 2015. Harbor Department revenues were temporarily impacted in January and February 2015 as a result of the protracted negotiations and other congestion factors.

As described under "THE PORT—Stevedoring and Cargo Handling," the current contract between the ILWU and the Association expired on June 30, 2022. The ILWU and the Association are currently negotiating a new contract. The City cannot predict with any certainty the extent to which any failure of the ILWU and the Association to reach contractual agreement in connection with the current negotiations or any future negotiations may lead to work slowdowns or work stoppages. Such negotiations, slowdowns or work stoppages could have a material adverse impact on revenues of the Harbor Department.

### **Bankruptcy and Other Factors That Could Affect the Security for the Series 2022 Bonds**

In addition to the limitation on remedies contained in the 2022 Indenture, the rights and remedies provided in the 2022 Indenture with respect to the City may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The ability to enforce such agreements will depend upon the exercise of various remedies specified by such documents which may in many instances require judicial actions that are often subject to discretion, delay and substantial costs or that otherwise may not be readily available or be limited.

The various legal opinions to be delivered concurrently with the issuance of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization, fraudulent conveyance or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

### **Loss of Tax Exemption on the Series 2022 Bonds**

As discussed herein under the caption "TAX MATTERS," interest on the Series 2022 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2022 Bonds were issued, as a result of future acts or omissions of the City in violation of certain of its covenants contained in the 2022 Indenture. Should such an event of taxability occur, the Series 2022 Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

In addition, as discussed herein under the caption “TAX MATTERS,” Congress is, or may be in the future, considering legislative proposals, including some that carry retroactive effective dates, that if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Series 2022 Bonds. Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The City cannot provide any assurance that federal tax law will not change while the Series 2022 Bonds are outstanding or that any such changes will not adversely affect the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes. If the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Series 2022 Bonds would be adversely impacted.

### **Forward-Looking Statements**

This Official Statement, including the appendices hereto, contains statements relating to future results that are forward-looking statements. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See “INTRODUCTION—Forward-Looking Statements.”

### **CERTAIN LEGAL MATTERS**

The legality of the Series 2022 Bonds and certain other legal matters are subject to the approving opinion of Quint & Thimmig LLP, Bond Counsel. A copy of the proposed form of final opinion of Bond Counsel is contained in Appendix D hereto. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel; for the City by the City Attorney of the City of Long Beach, California; and for the Underwriters by Kutak Rock LLP, Underwriters’ Counsel. None of Bond Counsel, Disclosure Counsel, or Underwriter’s Counsel undertake any responsibility for the accuracy, completeness or fairness of this Official Statement. Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel with respect to the issuance of the Series 2022 Bonds are contingent upon the issuance and delivery of the Series 2022 Bonds.

### **MUNICIPAL ADVISOR**

KNN Public Finance, LLC, served as the Municipal Advisor in connection with the issuance of the Series 2022 Bonds. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees of the Municipal Advisor with regard to the issuance of the Series 2022 Bonds are contingent upon the issuance and delivery of the Series 2022 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 2022 Bonds, to provide certain financial information and operating data, by not later than nine months after the end of each of its fiscal years commencing with the report for the Fiscal Year ending September 30, 2022 (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.”

In 2020, the City filed notice of a material “financial obligation” 18 business days after the incurrence of the obligation.

## **TAX MATTERS**

Federal tax law contains a number of requirements and restrictions which apply to the Series 2022 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds, and certain other matters. The City has covenanted in the Indenture to comply with all requirements that must be satisfied in order for the interest on the Series 2022 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 2022 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2022 Bonds.

Subject to 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 2022 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 under the Internal Revenue Code of 1986, as amended (the “Code”).

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City’s knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Series 2022 Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Series 2022 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 2022 Bonds is the price at which a substantial amount of such maturity of the Series 2022 Bonds is first sold to the public. The Issue Price of a maturity of the Series 2022 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

If the Issue Price of a maturity of the Series 2022 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 2022 Bonds (the “OID Series 2022 Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Series 2022 Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Series 2022 Bond to its stated maturity, subject to the condition that the Authority comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Series 2022 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 Series 2022 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 Series 2022 Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Series 2022 Bonds.

Owners of Series 2022 Bonds who dispose of Series 2022 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2022 Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series 2022 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2022 Bond is purchased at any time for a price that is less than the Series 2022 Bond's stated redemption price at maturity or, in the case of an OID Series 2022 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 Series 2022 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2022 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 Series 2022 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 Series 2022 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2022 Bonds.

An investor may purchase a Series 2022 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2022 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2022 Bond. Investors who purchase a Series 2022 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2022 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2022 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 2022 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 2022 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 2022 Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Series 2022 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 2022 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 2022 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2022 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2022 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 2022 Bonds is exempt from California personal income taxes.

Ownership of the Series 2022 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 2022 Bonds. Prospective purchasers of the Series 2022 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the Series 2022 Bonds is set forth in Appendix D.

## **UNDERWRITING**

The Series 2022 Bonds will be purchased by Morgan Stanley & Co. LLC, as representative for itself and the other underwriters listed in the cover page hereof (the “Underwriters”), from the City at a price of \$\_\_\_\_\_ (consisting of the par amount of the Series 2022 Bonds, plus[less] an original issue premium[discount] less an underwriters’ discount of \$\_\_\_\_\_), subject to the terms of a bond purchase agreement (the “Bond Purchase Agreement”), between Morgan Stanley & Co. LLC, as representative of the Underwriters, and the City. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2022 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters have, from time to time, performed, and may in the future perform, various investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City. The market activities of the Underwriters and other market participants may impact the value of the Series 2022 Bonds. The Underwriters have indicated that their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley & Co. LLC, an underwriter of the Series 2022 Bonds, has provided the following paragraph for inclusion in this Official Statement.

Morgan Stanley & Co. LLC, an underwriter of the Series 2022 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2022 Bonds.

#### **LITIGATION**

No litigation is pending, or to the best knowledge of the City, threatened against the City concerning the validity of the Series 2022 Bonds. The City is not aware of any litigation pending or threatened questioning the existence of the City or contesting the pledge of Tidelands Revenues or challenging any action taken by the City with the authorization of the 2022 Indenture or any other document relating to the Series 2022 Bonds or the performance by the City of any of its obligations under any of the foregoing.

[ADD REFERENCE TO RANDOM AUDIT?]

#### **RATING**

Moody's Investors Service Inc. ("Moody's") has assigned a rating of "\_\_" to the Series 2022 Bonds. Such rating reflects only the view of Moody's and any explanation of the meaning and significance of such rating, including the methodology used and any outlook thereon, should be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Moody's rating on the Series 2022 Bonds is not a recommendation to buy, sell or hold the Series 2022 Bonds. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Moody's, if in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2022 Bonds.

#### **MISCELLANEOUS**

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Series 2022 Bonds.

#### **AUTHORIZATION**

The City has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Director of Financial Management on behalf of the City.

CITY OF LONG BEACH, CALIFORNIA

By \_\_\_\_\_  
Director of Financial Management



**APPENDIX A**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**APPENDIX B**  
**HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**  
**AUDITED FINANCIAL STATEMENTS FOR THE**  
**FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2021**

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE 2022 INDENTURE**

**APPENDIX D**

**PROPOSED FORM OF BOND COUNSEL OPINION**

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX F**  
**BOOK-ENTRY-ONLY SYSTEM**

KUTAK ROCK LLP  
DRAFT 07/18/2022

[\$[PAR]]  
**City of Long Beach**  
**Tidelands Revenue Refunding Bonds,**  
**Series 2022**

**BOND PURCHASE AGREEMENT**

August [•], 2022

City of Long Beach, California  
411 West Ocean Boulevard, 6<sup>th</sup> Floor  
Long Beach, California 90802

Ladies and Gentlemen:

The undersigned Morgan Stanley & Co. LLC (the “*Representative*”), on behalf of itself, Cabrera Capital Markets, LLC, and Stern Brothers & Co. (collectively, the “*Underwriters*”), offers to enter into this Bond Purchase Agreement (this “*Bond Purchase Agreement*”) with the City of Long Beach, California (the “*City*”) which, upon the City’s acceptance hereof, will be binding upon the City and upon the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the City and the delivery of such acceptance to the Representative at or prior to 6:00 p.m. Long Beach time on the date hereof; and, if such acceptance is not so delivered, this offer will be subject to withdrawal by the Underwriters upon written notice to the City at any time prior to delivery of such acceptance to the Underwriters. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Indenture (as hereinafter defined).

The Representative hereby represents that it has been authorized by the other Underwriters to execute this Bond Purchase Agreement on behalf of the Underwriters.

1. Purchase and Sale of Series 2022 Bonds. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriters, jointly and severally, hereby agree to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of \$[PAR] aggregate principal amount of the City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the “*Series 2022 Bonds*”).

The purchase price of the Series 2022 Bonds shall be \$[•] (representing the principal amount of the Series 2022 Bonds of \$[PAR], plus an original issue premium of \$[•], less an Underwriters’ discount of \$[•]).

The City acknowledges and agrees that (i) the purchase and sale of the Series 2022 Bonds pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, each Underwriter is and has been

acting solely as a principal and is not acting as an agent or fiduciary of the City, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and no Underwriter has any obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, and (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate

2. The Series 2022 Bonds. The Series 2022 Bonds are special obligations of the City, payable from and secured by a pledge of Tidelands Revenues and all of the moneys in the Bond Fund established pursuant to the Indenture. The Series 2022 Bonds are authorized pursuant to the provisions of Division 1 of Chapter 3.52 of Title 3 of the Long Beach Municipal Code, a resolution adopted by the City Council of the City (the “**City Council**”) on August [●], 2022 (the “**Resolution**”), and an Indenture of Trust, to be dated as of August 1, 2022 (the “**Indenture**”), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). In connection with the issuance of the Series 2022 Bonds, the City will enter into a Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), to be dated the date of Closing (as hereinafter defined).

The Series 2022 Bonds are being issued to (a) current refund all of the outstanding Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) (the “**Refunded Bonds**”), (b) pay the cost of a municipal bond debt service reserve insurance policy (the “**Reserve Policy**”) to be issued concurrently with the delivery of the Series 2022 Bonds by [●] (the “**Reserve Insurer**”), and (c) pay the costs of issuance of the Series 2022 Bonds.

The Series 2022 Bonds shall be substantially in the form described in, and shall be issued and secured under and pursuant to, and shall be payable as provided in, the Indenture. The Series 2022 Bonds shall be dated the date of delivery thereof and shall mature on the dates and shall bear interest at the rates all as set forth in Schedule I attached hereto.

3. Preliminary Official Statement and Official Statement. The City hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement relating to the Series 2022 Bonds, dated August [●], 2022, (which, including the cover page, inside cover pages and all appendices thereto, all documents and information incorporated therein by reference and all amendments and supplements thereto prior to the execution hereof is referred to herein as the “**Preliminary Official Statement**”) in connection with the public offering of the Series 2022 Bonds by the Underwriters. The City hereby represents to the Underwriters, as of the date hereof, that the Preliminary Official Statement previously furnished to the Underwriters was “deemed final” by the City as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, and any other terms of the Series 2022 Bonds as permitted and specified in Rule 15c2-12(b)(1) promulgated under the 1934 Act.

The City hereby approves the use by the Underwriters of the Official Statement, dated the date hereof, relating to the Series 2022 Bonds (which, including the cover page, inside cover pages



and all appendices thereto, all documents and information incorporated therein by reference and all amendments and supplements thereto is referred to herein as the “*Official Statement*”) in its printed physical form or in electronic form in all respects materially consistent with such physical form.

The City hereby agrees to deliver or to cause to be delivered to the Underwriters, at such addresses as the Underwriters shall specify, the final Official Statement in printed and/or electronic format as may be agreed by the City and the Representative, to enable the Underwriters to comply with the obligations of the Underwriters pursuant to Rule 15c2-12(b)(4) promulgated under the 1934 Act, Municipal Securities Rulemaking Board (the “*MSRB*”) Rule G-32 and all other applicable rules of the MSRB. The City agrees to deliver or cause to be delivered such Official Statements within seven (7) business days after the execution hereof, but in any event at least two (2) business days prior to the Closing Date (as hereinafter defined) and in sufficient time to accompany any confirmation that requests payment and to enable the Underwriters to comply with the rules of the MSRB. The City also agrees that if the Official Statement is amended or supplemented after the date hereof, the City will deliver or cause to be delivered to the Underwriters as many copies of such amendment or supplement as the Underwriters shall request to comply with the rules of the MSRB. The Representative agrees to file the Official Statement (including the Official Statement as it may be amended or supplemented and provided to the Representative) with the MSRB through its Electronic Municipal Market Access system within one business day after receipt from the City, but in no event later than the Closing Date.

4. Offering by the Underwriter. Subject to the provisions of Section 5 hereof, each of the Underwriters agrees to make a bona fide public offering of all the Series 2022 at prices not in excess of the respective initial public offering prices or at yields not lower than the yields set forth in Schedule I attached hereto. Each Underwriter also reserves the right to (i) overallocate or effect transactions which stabilize or maintain the market prices of the Series 2022 Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time.

5. Establishment of Issue Price of Series 2022 Bonds.

(a) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Series 2022 Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wire(s) or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Bond Counsel (as hereinafter defined), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2022 Bonds.

(b) [Except for the Hold-the-Price Maturities described in subsection (c) below, and Schedule I attached hereto,] the City will treat the first price at which 10% of each maturity of Series 2022 Bonds (the “*10% test*”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Schedule I attached hereto sets forth the maturities of the Series 2022 Bonds for which the 10% test has been satisfied

as of the date of this Bond Purchase Agreement (the “**10% Test Maturities**”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public.

(c) [With respect to the maturities of the Series 2022 Bonds that are not 10% Test Maturities, as described in Schedule I attached hereto (the “**Hold-the-Price Maturities**”), the Representative confirms that the Underwriters have offered such maturities of the Series 2022 Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Schedule I attached hereto. The City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriters will neither offer nor sell unsold bonds of such maturity of the Hold-the-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether the Underwriters have sold 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public]

(d) The Representative confirms that:

(1) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2022 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (i) to report the prices at which it sells to the public the unsold Series 2022 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2022 Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2022 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if

applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(ii) to promptly notify the Representative of any sales of Series 2022 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2022 Bonds to the public (each such term being used as defined below),

(iii) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(2) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2022 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2022 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2022 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2022 Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Series 2022 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The City acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing the issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2022 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2022 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds, as set forth in the third-party

distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to adhere to the requirements for establishing issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds.

(f) The Underwriters acknowledge that sales of any Series 2022 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2022 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2022 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2022 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2022 Bonds to the public),

(3) a purchaser of any of the Series 2022 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

6. Closing. At 8:00 a.m., California time, on August [•], 2022 or at such other time or on such other business day as shall have been mutually agreed upon by the City and the Representative (the “**Closing Date**”), the City will deliver, or cause to be delivered, the Series 2022 Bonds to the Representative’s account through the facilities of The Depository Trust Company

("*DTC*") in New York, New York. The Series 2022 Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co. as nominee of DTC, will be delivered to the Trustee, as agent for DTC under the Fast Automated Securities Transfer System. Subject to the terms and conditions hereof, the Representative will pay the purchase price of the Series 2022 Bonds by wire transfer in immediately available funds to the Trustee. Such delivery of and payment for the Series 2022 Bonds as described in this paragraph is referred to herein as the "*Closing*."

7. Representations, Warranties and Covenants of the City. The City represents and warrants to, and covenants with, the Underwriters that:

(a) The City is a municipal corporation and chartered city duly organized and existing under its Charter and the Constitution and the laws of the State of California (the "*State*"). The City is authorized by the provisions of the Charter of the City and Division 1 of Chapter 3.52, Title 3 of the Municipal Code of the City, among other things, (i) to issue revenue bonds, such as the Series 2022 Bonds, for the purposes described in the Resolution and the Indenture, and (ii) to secure the Series 2022 Bonds in the manner contemplated by the Resolution and the Indenture;

(b) The City has the full right, power and authority (i) to adopt the Resolution, (ii) to enter into this Bond Purchase Agreement, the Indenture and the Continuing Disclosure Certificate, (iii) to issue, sell and deliver the Series 2022 Bonds to the Underwriters as provided herein, and (iv) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the City has complied with all provisions of applicable law in all matters relating to such transactions;

(c) By all necessary official action of the City prior to or concurrently with its acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement;

(d) By all necessary official action of the City prior to or concurrently with its acceptance hereof, the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the Indenture, the Continuing Disclosure Certificate, the Series 2022 Bonds and this Bond Purchase Agreement and the consummation by it of all other transactions on its part contemplated by the Preliminary Official Statement and the Resolution, the Indenture, the Continuing Disclosure Certificate, the Series 2022 Bonds and this Bond Purchase Agreement, and the Indenture, the Continuing Disclosure Certificate, the Series 2022 Bonds and this Bond Purchase Agreement constitute (or upon their execution and delivery will constitute) the legal, valid and binding obligations of the City, enforceable against the City in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(e) The Series 2022 Bonds are special obligations of the City and are payable, as to principal thereof and interest thereon, from a pledge of and lien on Tidelands Revenues;

(f) All approvals and consents of the City which would constitute a condition precedent to the performance by the City of its obligations hereunder and under the Indenture, the Continuing Disclosure Certificate and the Series 2022 Bonds have been obtained and are in full force and effect. No other material authorization, consent or approval of, or filing or registration with, any Governmental Authority (as defined below) or court is, or under existing requirements of law will be, necessary for the valid execution, delivery or performance by the City of this Bond Purchase Agreement, the Indenture or the Continuing Disclosure Certificate other than any authorization, consent, approval, filing or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering, sale or issuance of the Series 2022 Bonds. All authorizations, consents or approvals of, or filings or registrations with any Governmental Authority or court necessary for the valid issuance of, and performance by the City of its obligations under, the Series 2022 Bonds will have been duly obtained or made prior to the issuance of the Series 2022 Bonds. As used herein, the term “**Governmental Authority**” refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation;

(g) The adoption of the Resolution and execution and delivery of this Bond Purchase Agreement, the Indenture, the Continuing Disclosure Certificate and the Series 2022 Bonds, and compliance with the provisions thereof, will not conflict with or constitute a material breach of or default under (i) any material statute, indenture, mortgage, note or other agreement or instrument to which the City is a party or by which it is bound, (ii) any provision of the State Constitution or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the City (or the members of the City Council) is subject;

(h) Except as specifically disclosed in the Preliminary Official Statement and except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the City or, to the best knowledge of the City, is threatened, which in any way (i) questions the powers of the City referred to in paragraph (b) above, or the validity of any proceeding taken by the City in connection with the issuance of the Series 2022 Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions on the part of the City contemplated by this Bond Purchase Agreement, or of any other document or instrument required to be executed by the City in connection with this financing; (ii) could adversely affect the validity or enforceability of the Series 2022 Bonds, the Resolution, the Indenture, the Continuing Disclosure Certificate or this Bond Purchase Agreement; (iii) questions the exclusion from gross income of the recipients thereof of the interest on the Series 2022 Bonds for federal income tax purposes or in any other way questions the status of the Series 2022 Bonds under federal or state tax laws or regulations; or (iv) could materially adversely affect the ability of the City to pay principal of or interest on the Series 2022 Bonds when due or to otherwise perform any of its obligations under the Indenture and the Continuing Disclosure Certificate;

(i) The Series 2022 Bonds will be issued in accordance with the Resolution and the Indenture and will conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement;

(j) Any certificate signed by any official or other representative of the City and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the City to the Underwriters as to the truth of the statements therein made;

(k) The City has never been in default at any time, as to principal of or interest on any debt obligation which it has issued or incurred, except as otherwise specifically disclosed in the Preliminary Official Statement and the Official Statement; and, other than the Indenture and the 2017 Indenture, the City has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tideland Revenues pledged to the payment of the Series 2022 Bonds except as specifically disclosed in the Preliminary Official Statement and as will be specifically disclosed in the Official Statement and, other than in the ordinary course of its business or as contemplated by the Preliminary Official Statement and the Official Statement, between the date of this Bond Purchase Agreement and the Closing Date, the City will not offer or issue any certificates, bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Tideland Revenues;

(l) The City will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Series 2022 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Series 2022 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the Series 2022 Bonds; provided, however, that the City shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction;

(m) As of its date and the date hereof, the Preliminary Official Statement (excluding information concerning the Reserve Insurer, the Reserve Policy, DTC and the book-entry system or under the captions “MUNICIPAL BOND DEBT SERVICE RESERVE POLICY,” “UNDERWRITING” and “APPENDIX F—BOOK-ENTRY ONLY SYSTEM” as to which no representation is made) did not and does not, except as to the information permitted to be omitted by Rule 15c2-12, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the “end of the underwriting period” (as defined in Rule 15c2-12) for the Series 2022 Bonds, the Official Statement (excluding information concerning the Reserve Insurer, the Reserve Policy, DTC and the book-entry system or under the captions “MUNICIPAL BOND DEBT SERVICE RESERVE POLICY,” “UNDERWRITING” and “APPENDIX F—BOOK-ENTRY ONLY SYSTEM” as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(n) If the Official Statement is supplemented or amended pursuant to paragraph (o) of this Section 7, at the time of each supplement or amendment thereto, the Official Statement as so supplemented or amended (excluding information concerning the Reserve Insurer, the Reserve Policy, DTC and the book-entry system or under the captions “MUNICIPAL BOND DEBT SERVICE RESERVE POLICY,” “UNDERWRITING” and “APPENDIX F—BOOK-ENTRY ONLY SYSTEM” as to which no representation is made) will not contain any untrue statement of a material fact or omit 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;

(o) If between the date of this Bond Purchase Agreement and the date which is 25 days following the “end of the underwriting period” (as defined in Rule 15c2-12) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact 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, the City shall notify the Representative, and if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative. The City may assume that the “end of the underwriting period” for purposes of Rule 15c2-12 will occur on the date of Closing unless otherwise notified, in writing, by the Representative on or prior to the date of Closing;

(p) The financial statements of the Harbor Department of the City of Long Beach (the “*Harbor Department*”), and the other financial information regarding the Harbor Department and the City (with respect to the Tidelands Revenues) contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the operations of the Harbor Department and the City (with respect to the Tidelands Revenues) as of the dates and for the periods therein set forth, and, to the best of the City’s knowledge, (i) the audited financial statements of the Harbor Department have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other historical financial information with respect to the Harbor Department has been determined on a basis substantially consistent with that of the audited financial statements concerning the Harbor Department included in the Preliminary Official Statement and the Official Statement;

(q) The City shall not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Series 2022 Bonds to be applied in a manner other than as provided in the Indenture, or which would cause the interest on the Series 2022 Bonds to be includable in gross income of the owners thereof for federal income tax purposes; and

(r) The City has not failed to comply in the last five years in all material respects with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of material events specified in such continuing disclosure undertakings.



8. Closing Conditions. The Representative, on behalf of the Underwriters has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the City contained herein, the covenants of the City contained in the Indenture and the Continuing Disclosure Certificate, and the performance by the City of its obligations hereunder, as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) The representations and warranties of the City contained in Section 7 hereof shall be true and correct in all material respects on the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Representative at the Closing pursuant hereto shall be true and correct in all material respects at the Closing; the City shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement (unless such agreements are waived by the Representative); and there shall not have occurred an adverse change in the financial position, results of operations or financial condition of the City or the Harbor Department which materially adversely affects the ability of the City to pay the principal of and interest on the Series 2022 Bonds when due or to otherwise perform any of its obligations under the Indenture and the Continuing Disclosure Certificate;

(b) At the time of the Closing, the Official Statement, the Resolution, the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement (as hereinafter defined) and this Bond Purchase Agreement shall be in full force and effect, and shall not have been amended, modified or supplemented (except as may be agreed to in writing by the Representative and the City (or the Authority (as hereinafter defined) with respect to the Escrow Agreement); all actions which, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel to the City ("**Bond Counsel**"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (i) the City shall perform or have performed its obligations required under or specified in this Bond Purchase Agreement, the Indenture and the Continuing Disclosure Certificate to be performed at or prior to the Closing, and (ii) the Authority shall perform or have performed its obligations required under or specified in the Escrow Agreement to be performed at or prior to the Closing;

(c) At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) Except as disclosed in the Official Statement or in a schedule delivered to the Representative at the Closing, no decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside) which has any of the effects described in Section 7(h) hereof;

(e) (i) No default by the City shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the City and (ii) no bankruptcy, insolvency or other

similar proceeding in respect of the City shall be pending or to the knowledge of the City contemplated;

(f) The Underwriters, after consultation with the City, may terminate this Bond Purchase Agreement by notification by the Representative to the City if, at any time after the date hereof and prior to the Closing:

(i) an amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the City or upon interest received on obligations of the general character of the Series 2022 Bonds which may have the purpose or effect, directly or indirectly, of affecting the tax status of the City, its property or income, its securities (including the Series 2022 Bonds) or the interest thereon, or any tax exemption granted or authorized by State legislation or materially and adversely affecting the market for the Series 2022 Bonds or the market price generally of obligations of the general character of the Series 2022 Bonds;

(ii) Legislation shall have been enacted or actively considered for enactment or introduced, but only if such legislation would have an effective date prior to the Closing Date, or a decision by a court of the United States shall be made, the effect of which is that the offering or sale of the Series 2022 Bonds or the adoption of the Resolution and the execution and delivery of the Indenture as contemplated herein is or would be in violation of the registration, qualification or other requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and as then in effect, the Securities and Exchange Act of 1934, as amended (the

“*Exchange Act*”) and as then in effect, or the Trust Indenture Act of 1939, as amended (the “*Trust Indenture Act*”), and as then in effect;

(iii) A stop order, ruling or regulation by the Securities and Exchange Commission shall be issued or made, but only if such stop order, ruling or regulation would have an effective date prior to the Closing Date and the effect of which is that the issuance, offering or sale of the Series 2022 Bonds, the adoption of the Resolution or the execution, delivery or performance of the Indenture, as contemplated hereby or by the final Official Statement, is or would be in violation of any provision of the Securities Act and as then in effect, of the Exchange Act and as then in effect, or of the Trust Indenture Act and as then in effect;

(iv) The outbreak or escalation in military hostilities or declaration by the United States of a national or international emergency or war or other calamity or crisis (including additional events or announcements related to the COVID-19 virus and its impacts) the effect of which on the financial markets is such as to make it impracticable or inadvisable to proceed with the offering or delivery of the Series 2022 Bonds as contemplated hereby or by the Official Statement;

(v) There shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium shall have been declared by federal, California or New York authorities having jurisdiction and being in force or a major national or financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred;

(vi) there shall occur any change or any development involving a prospective change, in or affecting the business, properties or financial condition of the City or the Harbor Department which, in the reasonable opinion of the Representative, materially impairs the marketability or the market price of the Series 2022 Bonds;

(vii) any rating of the Series 2022 Bonds shall have been changed, withdrawn, suspended or placed on “credit watch,” or “negative outlook” and such action, in the reasonable opinion of the Representative, shall materially and adversely affect the market price for the Series 2022 Bonds;

(viii) in the reasonable judgment of the Representative, the market for any bonds or of obligations of the general character of the Series 2022 Bonds might be adversely affected because either (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange or (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed, as to any Series 2022 Bonds or similar obligations, any material, restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Representative; or

(ix) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) At or prior to the Closing, the Representative shall receive the following documents:

(i) The opinion of Bond Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix D, addressed to the City and the Underwriters (or accompanied by a reliance letter to the Underwriters);

(ii) A supplemental opinion of Bond Counsel, addressed to the City and the Underwriters, dated the Closing Date, to the effect that:

(A) the Series 2022 Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(B) this Bond Purchase Agreement and the Continuing Disclosure Certificate have each been duly authorized, executed and delivered by the City, and the Escrow Agreement has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, each constitute legal, valid and binding obligations of the City or the Authority, as the case may be, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, moratorium, insolvency, reorganization or other laws affecting the enforcement of creditors' rights or remedies heretofore or hereafter enacted and it subject to general principles of equity regardless of whether such enforceability is considered in a proceeding in equity or at law; and

(C) the statements in the Official Statement under the captions "DESCRIPTION OF THE SERIES 2022 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS," "TAX MATTERS," "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "APPENDIX D—PROPOSED FORM OF BOND COUNSEL OPINION," are accurate insofar as such statements purport to summarize certain provisions of the Indenture or the Series 2022 Bonds and the approving opinion of Bond Counsel; and

(iii) An opinion of Bond Counsel, addressed to the City and the Underwriters, dated the Closing Date, assuming the sufficiency of funds held by the Escrow Bank under the Escrow Agreement for such purpose, as to the effective defeasance of the Refunded Bonds:

(iv) An opinion of the City Attorney in form and substance satisfactory to the Representative, addressed to the City and the Underwriters, dated the Closing Date, in substantially the form of Exhibit B attached hereto;

(v) A letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the City, dated the Closing Date, addressed to the City and the Underwriters, substantially to the effect that, although they have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Preliminary Official Statement or the Official Statement, no information came to the attention of the attorneys in such counsel's firm rendering legal services in connection with the issuance and delivery of the Series 2022 Bonds which causes them to believe that the Preliminary Official Statement as of its date and as of the date hereof, or the Official Statement, as of its date or as of the date of the Closing, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Preliminary Official Statement or the Official Statement and the information under the captions "TAX MATTERS," "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020," "APPENDIX B - COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021," "APPENDIX D—PROPOSED FORM OF BOND COUNSEL OPINION," "APPENDIX F—BOOK-ENTRY ONLY SYSTEM," or any information in the Preliminary Official Statement or the Official Statement about the book-entry system, Cede & Co. and The Depository Trust Company, Reserve Policy and the Reserve Insurer, and with respect to the Preliminary Official Statement, information permitted to be omitted therefrom pursuant to rule 15c2-12 promulgated under the Exchange Act, in each case as to which no view need be expressed);

(vi) an opinion of Kutak Rock LLP, Underwriters' Counsel ("*Underwriter's Counsel*"), dated the Closing Date, addressed to the Underwriters, in form and substance satisfactory to the Representative;

(vii) a certificate, dated the Closing Date, of the City executed by a duly authorized officer of the City, to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the City or to which the property of the City is

the subject or, to the knowledge of the City, is threatened against or affecting the City to restrain or enjoin the City's participation in, or in any way contesting the existence of the City or the powers of the City with respect to, the transactions on its part contemplated by this Bond Purchase Agreement, the Official Statement, the Indenture and the Continuing Disclosure Certificate, and the consummation of such transactions or which could materially and adversely affect the properties, operations or financial condition of the City; (B) the representations and warranties of the City contained in this Bond Purchase Agreement are true and correct in all material respects as if made on the Closing Date, and the City has complied with all agreements and covenants and satisfied all conditions to be complied with or satisfied at or prior to the Closing as contemplated by the Indenture, the Continuing Disclosure Certificate and this Bond Purchase Agreement; (C) the Official Statement (other than the information concerning the Reserve Insurer, the Reserve Policy, DTC and the book-entry system or under the captions "MUNICIPAL BOND DEBT SERVICE RESERVE POLICY," "UNDERWRITING" and "APPENDIX F—BOOK-ENTRY ONLY SYSTEM" as to which no representation is made)) does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (D) the City has full power and authority to perform its duties in accordance with the Indenture; and (E) the City has duly taken all necessary action to approve the execution of the Indenture and the Continuing Disclosure Certificate and has duly authorized, executed and delivered the Indenture and the Continuing Disclosure Certificate and the performance by the City of its duties thereunder and, assuming due, valid and binding authorization, execution and delivery by the Trustee, with respect to the Indenture, the Indenture and the Continuing Disclosure Certificate constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law;

(viii) a certified copy of the Resolution;

(ix) executed counterparts of the Indenture, the Continuing Disclosure Certificate, the Official Statement, and the Escrow Agreement, dated August 1, 2022 (the "*Escrow Agreement*"), by and between the Long Beach Bond Finance Authority (the "*Authority*") and U.S. Bank Trust Company, National Association, as escrow bank (the "*Escrow Bank*");

(x) a Certificate as to Arbitrage, in form satisfactory to Bond Counsel, signed by an appropriate officer of the City;

(xi) evidence from Moody's Investors Service, Inc. that the Series 2022 Bonds have been rated "[•]";

(xii) a certificate, dated the Closing Date, of the Trustee and the Escrow Bank (collectively, the “**Bank**”), signed by a duly authorized officer of the Bank, to the effect that:

(A) the Bank is a national banking association duly organized and validly existing under the laws of the United States of America and has full corporate power to undertake the duties of the trustee under the Indenture and the duties of the escrow bank under the Escrow Agreement;

(B) the Bank has duly taken all necessary corporate action to approve the execution of the Indenture and the Escrow Agreement and the performance by the Bank of its duties thereunder and has duly authorized, executed and delivered the Indenture and the Escrow Agreement;

(C) the Series 2022 Bonds have been duly authenticated by the Bank, as trustee; and

(D) to the best of such officer’s knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Bank (either in state or federal courts), or to the best of such officer’s knowledge, threatened against or affecting the Bank which would restrain or enjoin the execution or delivery of the Indenture or the Escrow Agreement or which would affect the validity or enforceability of the Indenture or the Escrow Agreement, or the Bank’s participation in, or in any way contesting the powers or the authority of the Bank with respect to, the transactions contemplated by the Indenture, the Escrow Agreement or any other agreement, document or certificate related to such transactions;

(xiii) an opinion of counsel to the Bank in form and substance satisfactory to the City and the Representative dated the Closing Date, addressed to the City and the Underwriters, to the effect that:

(A) the Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America;

(B) the Bank has all requisite corporate power, authority and legal right to execute and deliver the Indenture and the Escrow Agreement and to perform its obligations thereunder, and has authorized the execution and delivery of the Indenture and the Escrow Agreement and the performance of its obligations under the Indenture and the Escrow Agreement;

(C) the Bank has duly authorized, executed and delivered the Indenture and the Escrow Agreement, and assuming the due authorization, execution and delivery of the Indenture by the City and the Escrow Agreement by the Authority, the Indenture and the Escrow Agreement are

the legal, valid and binding agreements of the Bank, enforceable in accordance with their terms against the Bank, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law;

(D) to such counsel's knowledge, the execution and delivery of the Indenture and the Escrow Agreement, and compliance with the provisions of the Indenture and the Escrow Agreement by the Bank will not violate any provisions of any law or regulation governing the Bank or any order of any governmental authority having jurisdiction over the Bank; and

(E) to such counsel's knowledge, no authorization, approval, consent, or order of any governmental agency or regulatory authority having jurisdiction over the Bank that has not been obtained by the Bank is required for the authorization, execution, and delivery by the Bank of the Indenture and the Escrow Agreement or the performance of the duties and obligations of the Bank under the Indenture and the Escrow Agreement.

(xiv) a copy of the DTC Blanket Letter of Representations relating to the Series 2022 Bonds;

(xv) copies of the Report of Proposed Debt Issuance required to be delivered by the City to the California Debt and Investment Advisory Commission;

(xvi) the Reserve Policy;

(xvii) a certificate of the Reserve Insurer in form and substance satisfactory to Bond Counsel and Underwriters' Counsel;

(xviii) an opinion of counsel to the Reserve Insurer addressed to the City and the Underwriters in form and substance satisfactory to Bond Counsel and Underwriters' Counsel;

(xix) a certificate, dated the Closing Date, of the Authority executed by a duly authorized officer of the Authority, to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Authority or, to the knowledge of the Authority, is threatened against or affecting the Authority to restrain or enjoin the Authority's participation in, or in any way contesting the existence of the Authority or the powers of the Authority with respect to, the transactions on its part contemplated by Escrow Agreement; (B) the Authority has full power and authority to perform its duties in accordance with the Escrow Agreement; and (C) the Authority has duly taken all necessary action to approve the execution of the Escrow Agreement and has duly authorized, executed and delivered the Escrow Agreement and has duly authorized the performance by the Authority of its duties thereunder and, assuming due, valid and binding authorization, execution and



delivery by the Escrow Bank, the Escrow Agreement constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law; and

(xx) such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative or Bond Counsel may reasonably request to evidence compliance by the City with legal requirements, the accuracy, as of the time of Closing, of the City's representations herein contained and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied hereunder by the City.

If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the City nor the Underwriters shall have any further obligation hereunder, nor any liability to any other party with respect to such termination.

9. Conditions to Performance of the City. The performance by the City of its obligations is conditioned upon (a) the performance by the Underwriters of their obligations hereunder and (b) receipt by the City and the Representative of opinions and certificates being delivered at the Closing by persons and entities other than the City.

10. Payment of Costs and Expenses. The Underwriters shall be under no obligation to pay and the City shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including, but not limited to, (a) the cost of preparation, including word processing, printing and reproduction of the Preliminary Official Statement and the Official Statement; (b) the costs of distribution and delivery of the Preliminary Official Statement, the Official Statement and this Bond Purchase Agreement; (c) the fees for the rating agency; (d) the premium for the Reserve Policy; (e) the fees and expenses of the municipal advisor to the City; (f) the fees and expenses of Bond Counsel and Disclosure Counsel for the City; and (g) any expenses incurred on behalf of the City's employees which are incidental to the issuance of the Series 2022 Bonds, including but not limited to meals, transportation, lodging and entertainment of those employees.

The Underwriters shall pay only: (a) the costs of traveling and expenses of selling the Series 2022 Bonds; (b) the fees for the California Debt and Investment Advisory Committee; (c) any fees charged by the Municipal Securities Rulemaking Board; (d) Blue Sky fees; and (e) the fees and expenses of counsel to the Underwriters.

11. Notices. Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing to City of Long Beach, 411 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California 90802, Attention: Director of Financial Management (or to such other person as he may designate in writing), and any notice or other communication to be given to the Representative under this Bond Purchase Agreement (other

than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to Morgan Stanley & Co. LLC, 1999 Avenue of the Stars, Suite 2400, Los Angeles, California 90067, Attention: Dan Kurz. The approval of the Representative when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by an authorized representative of Morgan Stanley & Co. LLC and delivered to the City.

12. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties and covenants contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Series 2022 Bonds pursuant to this Bond Purchase Agreement; or (c) any termination of this Bond Purchase Agreement.

13. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized officer of the City and shall be valid and enforceable at the time of such acceptance.

14. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

15. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed within such state.

16. Counterparts. This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

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

17. This Bond Purchase Agreement when accepted by the City in writing as heretofore specified shall constitute the entire agreement between the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof.

Very truly yours,

MORGAN STANLEY & CO. LLC, as  
Representative of the Underwriters

By: \_\_\_\_\_  
Authorized Representative

ACCEPTED at \_\_\_\_\_ p.m. (Pacific Time) this [●] day of August 2022:

CITY OF LONG BEACH

By: \_\_\_\_\_  
Kevin Riper  
Director of Financial Management

APPROVED AS TO FORM:  
J. CHARLES PARKIN, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

[Signature page to Bond Purchase Agreement]

**SCHEDULE I**  
**MATURITY SCHEDULE**

**[\$[PAR]**  
**City of Long Beach**  
**Tidelands Revenue Refunding Bonds, Series 2022**

<b>Maturity Date (November 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>
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<sup>1</sup> 10% Test Maturity.

<sup>2</sup> Hold-the-Price Maturity.

**No Redemption Prior to Maturity**

The Series 2022 Bonds are not subject to redemption prior to maturity.

## EXHIBIT A

### ISSUE PRICE CERTIFICATE

**[\$[PAR]]**  
**City of Long Beach**  
**Tidelands Revenue Refunding Bonds,**  
**Series 2022**

The undersigned Morgan Stanley & Co. LLC (the “**Representative**”), on behalf of itself, Cabrera Capital Markets, LLC, and Stern Brothers & Co. (collectively, the “**Underwriters**”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “**Series 2022 Bonds**”).

1. ***Sale of the 10% Test Maturities.*** As of the date of this certificate, for each Maturity of the Series 2022 Bonds listed as a “10% Test Maturity” in Schedule A attached hereto, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

[2. ***Initial Offering Price of the Hold-the-Price Maturities.***

(a) The Underwriter offered the “Hold-the-Price Maturities” (as listed in Schedule A attached hereto) to the Public for purchase at the respective initial offering prices listed in Schedule A attached hereto (the “Initial Offering Prices”) on or before the Sale Date.

(b) With respect to the Hold-the-Price Maturities, as agreed to in writing by the Representative in the Bond Purchase Agreement, dated August [•], 2022, between the Representative and the City of Long Beach, California (the “**City**”), the Representative has not offered or sold unsold Series 2022 Bonds of any of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Series 2022 Bonds during the Holding Period.]

3. ***Pricing Wire or Equivalent Communication.*** A copy of the pricing wire or equivalent communication for the Series 2022 Bonds is attached to this certificate as Schedule B.

4. ***Defined Terms.***

(a) ***10% Test Maturities*** means those Maturities of the Series 2022 Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) ***Hold-the-Price Maturities*** means those Maturities of the Series 2022 Bonds listed in Schedule A hereto as the “Hold-the-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Price Maturity

was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Price Maturity.

(d) *Maturity* means Series 2022 Bonds with the same credit and payment terms. Series 2022 Bonds with different maturity dates, or Series 2022 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(f) *Related Party*. A purchaser of any Series 2022 Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2022 Bonds. The Sale Date of the Series 2022 Bonds is August [●], 2022.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2022 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2022 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2022 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Certificate as to Arbitrage (and Tax Compliance Procedures) of the City and with respect to compliance with the federal income tax rules affecting the Series 2022 Bonds, and by Quint & Thimmig LLP, as Bond Counsel to the City, in connection with rendering its opinion that the interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Series 2022 Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry

deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

MORGAN STANLEY & CO. LLC, as  
Representative of the Underwriters

By \_\_\_\_\_  
Authorized Representative

Dated: August [•], 2022

**SCHEDULE A**

**SALE PRICES OF THE 10% TEST MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-PRICE MATURITIES**

**[\$[PAR]]  
City of Long Beach  
Tidelands Revenue Refunding Bonds, Series 2022**

<b>Maturity Date (November 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>
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<sup>1</sup> 10% Test Maturity.

<sup>2</sup> Hold-the-Price Maturity.



**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(Attached)*

**EXHIBIT B**

**FORM OF OPINION OF CITY ATTORNEY**

August [•], 2022

City of Long Beach, California  
Long Beach, California

Morgan Stanley & Co. LLC  
Los Angeles, California

Cabrera Capital Markets, LLC  
Los Angeles, California

Stern Brothers & Co.  
Sacramento, California

RE:    \$[PAR] City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022

Ladies and Gentlemen:

I am the City Attorney to the City of Long Beach (the “City”), a charter city organized and existing under the laws of the State of California (the “State”). I am rendering the opinions set forth herein in connection with the issuance of the \$[PAR] City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the “Series 2022 Bonds”). The Series 2022 Bonds are authorized pursuant to the provisions of Division 1 of Chapter 3.52 of Title 3 of the Long Beach Municipal Code, a resolution adopted by the City Council of the City on August [•], 2022 (the “Resolution”), approving and authorizing, among other things, the issuance of the Series 2022 Bonds, and an Indenture of Trust, dated as of August 1, 2022 (the “Indenture”), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein have the meanings given them in the Indenture.

In such connection, I have examined and reviewed the Resolution, the Indenture, a continuing disclosure certificate of the City, dated August [•], 2022 (the “Continuing Disclosure Certificate”), the Bond Purchase Agreement, dated August [•], 2022 (the “Bond Purchase Agreement”) by and between Morgan Stanley & Co. LLC, on behalf of itself, Cabrera Capital Markets, LLC, and Stern Brothers & Co., as the underwriters of the Series 2022 Bonds, and the City, the Official Statement, dated August [•], 2022, with respect to the Series 2022 Bonds (the “Official Statement”), and such other documents and matters as I have deemed necessary to render the opinions set forth herein (collectively, the “Reviewed Materials”). The Indenture, the Bond Purchase Agreement and the Continuing Disclosure Certificate are collectively hereinafter referred to as the “Bond Documents.”

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. The enforceability of the Resolution and the Bond Documents, to the

extent such opinions are given herein, may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or other laws affecting the enforcement of creditors' rights and the application of equitable principles (regardless of whether the issue of enforceability is considered in a proceeding at law or in equity).

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, I am of the opinion that:

(a) The City is a municipal corporation and charter city duly organized and validly existing under and by virtue of the City Charter and the Constitution and laws of the State of California.

(b) The Resolution was duly adopted at a meeting of the City Council, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and has not been amended since the date of its adoption.

(c) Except as disclosed in the Official Statement, after due investigation (which only involved conversations with the City Clerk), there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending against or affecting the City, with respect to which the City has been served with process, or, known to me to be threatened against or affecting the City, to restrain or enjoin the City's participation in, or in any way contesting the existence of the City or the powers of the City with respect to, the transactions on the part of the City contemplated by the Bond Documents and the Official Statement and the consummation of such transactions.

(d) Except as disclosed in the Official Statement, after due investigation (which only involved conversations with the City Clerk), there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending against or affecting the City or the Harbor Department, with respect to which the City or the Harbor Department has been served with process, or, known to me to be threatened against or affecting the City or the Harbor Department, which if adversely determined, could materially adversely affect (i) the financial position of the City or the Harbor Department of the City; (ii) the ability of the City to perform its obligations under the Bond Documents; (iii) the security of the Series 2022 Bonds; or (iv) the transactions on the part of the City contemplated by the Bond Documents and the Official Statement.

(e) To my knowledge, the execution and delivery of the Series 2022 Bonds and the Bond Documents and compliance with the terms thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any court order or consent decree to which the City is subject.

(f) The Series 2022 Bonds have been duly authorized, executed and delivered by the City.

(g) The Bond Documents and the Official Statement have been duly authorized, executed and delivered by the City.

(h) To my knowledge, no authorization, approval, consent or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the City is required for the valid authorization, execution and delivery by the City of the Series 2022 Bonds, the Bond Documents or the Official Statement.

Based upon, in reliance upon and subject to, as applicable, (i) the information made available to me in the course of my participation in the preparation of the Official Statement, (ii) the Reviewed Materials and (iii) the assumptions, qualifications and limitations contained in this letter, I advise the City and the Underwriters, as a matter of fact and not opinion, that no information came to my attention that caused me to believe that the information contained under the caption "LITIGATION" in the Official Statement, as of its date contained, or as of the date of this letter contains, any untrue statement of a material fact or, as of its date omitted, or as of the date of this letter omits, to state any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This letter is limited to the specific views and conclusions expressed herein, and no further opinions, views and conclusions are intended to be, or should be, inferred therefrom. By acceptance of this letter the City and the Underwriters acknowledge that any view or conclusion stated in the preceding paragraph constitutes neither a legal opinion nor a guarantee regarding the Official Statement. Instead, any such views and conclusions constitute a statement of negative assurance regarding my view and conclusion as to any material misstatements or omissions in the Official Statement based on the limited activities discussed above performed by me. Further, in accepting this letter the City and the Underwriters recognize and acknowledge that (i) the scope of those activities performed by me were inherently limited and do not encompass all activities that the City or an Underwriter, as the case may be, may be responsible to undertake in preparing and/or reviewing the Official Statement, (ii) those activities performed by me relied substantially on representations, warranties, certifications and opinions made by the City and the Underwriters and are otherwise subject to the matters set forth in this letter and (iii) while such statements of negative assurance are customarily given to underwriters of municipal bonds to assist them in discharging their responsibilities under federal securities laws, the responsibilities of the City under those laws may differ from those of underwriters in material respects, and my views and conclusions may not serve the same purpose or provide the same utility as it would to underwriters. I advise the City and the Underwriters that, other than reviewing the various certificates and opinions regarding the Official Statement delivered in connection with the issuance of the Series 2022 Bonds, I have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof. My conclusion in the preceding paragraph is limited to matters of federal securities laws and I assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

I am a member of the Bar of the State of California. Accordingly, my opinions, views and conclusions are only rendered in respect of the laws of the State of California and to the extent that my opinions, views and conclusions extend to any document which purports to be governed by the laws of any jurisdiction other than the laws of the State of California, my opinion, views and conclusions assume that the laws of any such other jurisdiction are identical to the laws of the State

of California. The opinions, views and conclusions given herein are given in an official capacity and not personally and no personal liability shall derive therefrom.

I have no attorney-client relationship with the Underwriters with respect to this matter. This letter is not intended to be, and may not be, relied upon by the owners of the Series 2022 Bonds. I am rendering this letter to you solely for your benefit upon the understanding that, as I have advised you and as you have agreed, I am not hereby assuming any professional responsibility to any other person whatsoever. This letter may not be used or relied upon by or published or communicated to any other party for any purpose whatsoever without my prior written approval in each instance; except that copies of this letter may be used, published or communicated to (collectively, "published") to (a) any accountant or lawyer for any person entitled to rely upon this letter or to whom it may be published or (b) pursuant to the order of any court or regulator of any person entitled to rely upon this letter or to whom it may be published. Notwithstanding the foregoing, this opinion may be included in a transcript of the proceedings for the Series 2022 Bonds.

Very truly yours,

J. CHARLES PARKIN, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**FIRST SUPPLEMENTAL INDENTURE OF TRUST**

**by and between the**

**CITY OF LONG BEACH, CALIFORNIA**

**and**

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

**dated as of August 1, 2022**

**relating to:**

**\$10,190,000**

**City of Long Beach**

**Tidelands Revenue Bonds, Series 2017A**

**(Aquarium of the Pacific Project)**

**and**

**\$17,705,000**

**City of Long Beach**

**Taxable Tidelands Revenue Bonds, Series 2017B**

**(Queen Mary Improvements)**

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## FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST (this "First Supplement"), dated as of August 1, 2022, is by and between the CITY OF LONG BEACH, CALIFORNIA (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, successor to U.S. Bank National Association, as trustee (the "Trustee") under an Indenture of Trust, dated as of November 1, 2017, by and between the Trustee and the City (the "Original Indenture").

### RECITALS:

WHEREAS, the City has issued, pursuant to the Original Indenture, its City of Long Beach Tidelands Revenue Bonds, Series 2017A (Aquarium of the Pacific Project) and its City of Long Beach Taxable Tidelands Revenue Bonds, Series 2017B (Queen Mary Improvements) (together, the "2017 Bonds"); and

WHEREAS, the 2017 Bonds are payable from Tidelands Revenues, as defined in the Original Indenture, and the pledge of the Tidelands Revenues under the Original Indenture is expressly on a parity with the pledge of the Tidelands Revenues under a City Pledge Agreement (as defined therein) related to certain Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) (the "2012 Bonds"); and

WHEREAS, the City is now issuing its City of Long Beach Tidelands Revenue Refunding Bonds, Series 2022 (the "2022 Bonds") the proceeds of which, together with certain other funds held under the Indenture of Trust, dated as of March 1, 2012, between the Long Beach Bond Finance Authority (the "Authority") and U.S. Bank Trust Company, National Association, as successor trustee (the "2012 Indenture") pursuant to which the 2012 Bonds were issued, are to be used to legally defease and fully redeem the 2012 Bonds, and the City Pledge Agreement provides that it shall terminate and be of no further force and effect upon the discharge of the liability of the Authority with respect to the 2012 Bonds pursuant to the defeasance provisions of the 2012 Indenture; and

WHEREAS, Section 6.07(b) of the Original Indenture allowed for the City to issue obligations secured by a pledge of Tidelands Revenues on a parity with its pledge of Tidelands Revenues to secure the repayment of the 2017 Bonds, and the City intends that the 2022 Bonds be so secured by a pledge of the Tidelands Revenues on a parity with the pledge thereof with respect to the 2017 Bonds; and

WHEREAS, Section 9.01(b)(ii) of the Original Indenture allows for amendments to be made to the Original Indenture without the need to obtain the consent of the owners of the 2017 Bonds in regard to matters arising under the Original Indenture as the City may deem necessary or desirable and not inconsistent with the Original Indenture and which do not materially adversely affect the interests of the owners of the 2017 Bonds; and

WHEREAS, the City, by its execution of this First Supplement, affirms that, in light of the defeasance of the 2012 Bonds and the issuance of the 2022 Bonds, this First Supplement is necessary and desirable and does not materially adversely affect the interests of the owners of the 2017 Bonds; and

WHEREAS, the City, and the Trustee at the request of the City, now desire to amend and supplement the Original Indenture as provided in this First Supplement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

SECTION 1. Amendments to Original Indenture. The Original Indenture is hereby amended as follows:

(a) Clause (c) of the definition "Available Tidelands Operating Fund Balance" in Section 1.01 is hereby amended by adding the word "or" immediately before "(b)" therein, and by deleting the word "or" and clause (c) at the end thereof.

(b) Clause (b) of the definition "Available Tidelands Operating Revenue" in Section 1.01 is hereby amended by adding thereto "(i)" between the words "pursuant to" and "the Management Agreement," and by adding thereto, following the words "from time to time" the following: ", or (ii) any subsequent management agreement for the Long Beach Convention and Entertainment Center, as executed and as it may be amended from time to time."

(c) The definition "Available Tidelands Operating Revenue" is hereby further amended by adding the word "and" immediately before "(d)" therein, and by deleting the word "and" and clause (e) at the end thereof.

(d) The term "City Pledge Agreement" in Section 1.01 is hereby deleted.

(e) The term "East Wilmington Optimized Waterflood Agreement" in Section 1.01 is hereby amended by deleting the words "Occidental Petroleum Company (as successor to Atlantic Richfield Company) and OXY" therein and by inserting therein, in lieu thereof "California Resources Corporation (as successor to Atlantic Richfield Company) and California Resources," and by substituting "CRC" for "OXY" each time it appears thereafter.

(f) Section 1.01 is hereby amended by adding thereto, as additional defined terms therein, the following: (i) "Parity Obligations" means obligations issued or incurred by the City the repayment of which is secured by a pledge of the Tidelands Revenues on a parity with the pledge thereof under Section 5.01 hereof, as permitted by and in compliance with the requirements of Section 6.07(b) hereof;" and (ii) "Parity Agreement" means the indenture of trust or other document pursuant to which any Parity Obligations are issued or incurred."



(g) Section 5.01 is hereby amended by deleting the words "the City Pledge Agreement" each time it appears therein and by inserting therein, in lieu thereof, the following: "any Parity Agreement."

(h) The first paragraph of Section 5.02 is hereby amended by deleting the words "the third sentence of the first paragraph of Section 2.02 of the City Pledge Agreement" and by inserting therein, in lieu thereof, the following: "any Parity Agreement;" and by deleting the words "Section 2.02 of the City Pledge Agreement" therein, and by inserting therein, in lieu thereof, the following: "any Parity Agreement."

(i) Section 6.03 is hereby amended by deleting the words "the City Pledge Agreement and" therein, and by inserting therein, in lieu thereof, the following: "any Parity Agreement."

(j) Section 6.06(c) is hereby amended by deleting the second sentence thereof.

(k) Section 6.06(d) is hereby deleted.

(l) Section 6.07(b)(i) is hereby amended by deleting the words "and as such term is used in the City Pledge Agreement" therein, and by inserting therein, in lieu thereof, the following: ", and no existing defaults under any Parity Agreement."

(m) Section 6.07(c), Section 6.08, Section 6.09, Section 6.10 and Section 6.12 are each hereby amended by deleting the words "the City Pledge Agreement" each time it appears therein, and by inserting therein, in lieu thereof, the following: "any Parity Agreement."

(n) Section 6.09 is hereby further amended by deleting the words "or the rights of the Trustee or the Authority under" and by inserting therein, in lieu thereof, the following: "or any rights granted under any Parity Agreement;" and by deleting the words "and the Authority" therein.

(o) Section 7.01(e) is hereby amended and restated in its entirety to read as follows: "(e) the occurrence of a default under any Parity Agreement following any grace period as may be allowed therein."

(p) The last sentence of the second paragraph of Section 8.01 is hereby deleted.

(q) The fourth paragraph of the form of the Bond attached as Exhibit A to the Original Indenture is hereby amended by deleting the words "is on a parity with certain obligations of the City under the City Pledge Agreement" therein, and by inserting therein, in lieu thereof, the following: "may be on a parity with the City's obligations under any Parity Agreement."

(r) The fourth paragraph of the form of the Bond attached as Exhibit A to the Original Indenture is hereby further amended by deleting the words "and the City's obligations under the City Pledge Agreement."

SECTION 2. Ratification of Original Indenture. Except as amended by Section 1, the provisions of the Original Indenture are herein ratified and confirmed.

SECTION 3. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this First Supplement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this First Supplement. The City hereby declares that it would have entered into this First Supplement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this First Supplement may be held illegal, invalid or unenforceable.

SECTION 4. Execution in Counterparts. This First Supplement 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 5. Governing Law. This First Supplement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in California.

IN WITNESS WHEREOF, the CITY OF LONG BEACH, CALIFORNIA has caused this First Supplemental Indenture of Trust to be signed in its name by its Director of Financial Management, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, has caused this First Supplemental Indenture of Trust to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF LONG BEACH, CALIFORNIA

By: \_\_\_\_\_  
Director of Financial Management

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

By: \_\_\_\_\_  
Authorized Officer

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