

OFFICE OF THE CITY ATTORNEY
DAWN MCINTOSH, City Attorney
411 W. Ocean Boulevard, 9th Floor
Long Beach, CA 90802

RESOLUTION NO. RES-23-0089

1
2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH AUTHORIZING AND APPROVING A
5 CHANGE IN THE INTEREST RATE FOR THE NATURAL GAS
6 PURCHASE REVENUE BONDS, SERIES 2007B, ISSUED BY
7 THE LONG BEACH BOND FINANCE AUTHORITY AND THE
8 RELATED INTEREST RATE SWAPS, AUTHORIZING AND
9 APPROVING CERTAIN DOCUMENTS AND ACTIONS
10 RELATING THERETO, AND DELEGATING AUTHORITY TO
11 OFFICERS IN CONNECTION THEREWITH

12
13 WHEREAS, the City of Long Beach (the “City”) is a municipal corporation
14 and charter city duly organized and existing under its charter and the Constitution of the
15 State of California; and

16 WHEREAS, the Long Beach Bond Finance Authority (the “Authority”) has
17 heretofore issued its Long Beach Bond Finance Authority Natural Gas Purchase Revenue
18 Bonds Series 2007B (the “Bonds”) pursuant to the Trust Indenture, dated as of September
19 1, 2007, as supplemented on August 1, 2009, between the Authority and The Bank of New
20 York Mellon Trust Company, N.A., as trustee (the “Indenture”) in order to finance the
21 acquisition of a long-term supply of natural gas, for sale to the City over a period of years;
22 and

23 WHEREAS, the Bonds are bearing interest at a rate equal to 67% of three-
24 month LIBOR plus a spread of 1.41% for the Bonds maturing on November 15, 2025,
25 1.43% for the Bonds maturing on November 15, 2026, 1.45% for the Bonds maturing on
26 November 15, 2027, and 1.55% for the Bonds maturing on November 15, 2033, in each
27 case subject to a maximum rate of 15%; and

28 WHEREAS, the Interest Rate Swaps related to the Bonds contain floating

1 rates of 67% of three-month LIBOR plus the applicable spread; and

2 WHEREAS, the LIBOR Rate is being discontinued as of June 30, 2023;

3 NOW, THEREFORE, the City Council of the City of Long Beach resolves as

4 follows:

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

7 Section 2. Approval of Authority Transaction. The City Council hereby
8 approves the Authority’s plan, as described in Resolution No. LBBFA-2023-01 of the
9 Authority adopted on March 30, 2023, pursuant to the Adjustable Interest Rate (LIBOR)
10 Act, to convert, by operation of law, the interest rate on the Bonds from 67% of three-
11 month LIBOR plus the applicable spread to 67% of three-month Term SOFR (plus the
12 applicable credit spread adjustment) plus the applicable spread on the first interest reset
13 date after June 30, 2023. No other changes are being made to the Bonds. Also
14 pursuant to the Adjustable Interest Rate (LIBOR) Act, references to “LIBOR” in the
15 Indenture with respect to the definitions of “Interest Rate Swaps,” “LIBOR Rate
16 Determination Date” and, for the calculation of Redemption Price, the “Spread Premium”
17 will convert, by operation of law, to Term SOFR. References to “LIBOR” in any ancillary
18 documents relating to the Bonds will also be amended to refer to “Term SOFR.”

19 The City Council hereby also approves the Authority’s plan, as described in
20 Resolution No. LBBFA-2023-01 of the Authority adopted on March 30, 2023 to amend
21 each of the Interest Rate Swaps to (i) convert the floating rate from 67% of three-month
22 LIBOR plus the applicable spread to 67% of three-month Term SOFR (plus the applicable
23 credit spread adjustment) plus the applicable spread, (ii) change the compounding
24 convention to match the compounding convention for setting the interest rate on the Bonds,
25 (iii) eliminate the 15% cap on the floating rates, and (iv) increase the fixed rates to
26 compensate for the change in the compounding convention (taking into account the effect
27 of elimination of the 15% cap), all to be effective on the first interest rate reset date after
28 June 30, 2023.

