

RESOLUTION NO. RES-20-0053

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3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH APPROVING A TERM SHEET  
5 FROM JPMORGAN CHASE BANK, N.A. TO PROVIDE,  
6 PURSUANT TO A LEASE FINANCING, OF UP TO  
7 \$25,000,000 IN PERIODIC DRAWS FROM THE BANK,  
8 FUNCTIONING LIKE A LINE OF CREDIT, FOR VARIOUS  
9 OPERATIONAL NEEDS OF THE CITY, AUTHORIZING THE  
10 PREPARATION OF APPROPRIATE FINANCING  
11 DOCUMENTS AND AUTHORIZING APPROPRIATE CITY  
12 OFFICERS TO EXECUTE SUCH DOCUMENTS  
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14 WHEREAS, the City of Long Beach (the "City") has solicited bank proposals  
15 to provide funds for various operational needs of the City; and

16 WHEREAS, JPMorgan Chase Bank, N.A. (the "Bank") provided the most  
17 favorable response to the City, offering to provide, pursuant to a lease financing, of up to  
18 \$25,000,000 in periodic draws from the bank, functioning like a line of credit, as set forth  
19 in a summary of terms and conditions (the "Term Sheet"), as set forth in Exhibit "A"  
20 attached hereto; and

21 WHEREAS, in order to meet the limitations of California law, the financing  
22 will be structured as a direct payment lease whereby the City will lease (a) the City's  
23 Disaster Prep ECOC located at 2990 Redondo Avenue, and (b) the City's North Long  
24 Beach Police Substation located at 4891 Atlantic Avenue (collectively, the "Property") to  
25 the Finance Authority of Long Beach (the "Authority") pursuant to a site and facility lease  
26 (the "Site and Facility Lease") and the Authority will lease the Property back to the City  
27 pursuant to a lease agreement (the "Lease Agreement"); and

28 WHEREAS, the payments to be made by the City to the Authority under the

1 Lease Agreement will be assigned to the bank by the Authority pursuant to an  
2 assignment agreement between the Authority and the Bank and such payments will be  
3 made by the City directly to the Bank; and

4 WHEREAS, the Lease Agreement will be structured as a “draw down”  
5 obligation meaning that the City’s obligation to pay interest will be measured only by the  
6 portion of the total amount actually paid by the Bank to the City; and

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

9 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
10 follows:

11 Section 1. Recitals True and Correct. The City Council hereby finds and  
12 determines that the foregoing recitals are true and correct.

13 Section 2. Approval of Term Sheet. The City Council hereby approves  
14 the Term Sheet.

15 Section 3. Approval of Site and Facility Lease. The City Council hereby  
16 approves the preparation and execution of the Site and Facility Lease in the form  
17 deemed advisable by the City Manager, the Director of Financial Management or the City  
18 Treasurer (each, a “Designated Officer”), and the execution of the Site and Facility Lease  
19 by a Designated Officer shall be conclusive evidence of such approval. The Designated  
20 Officers, each acting alone, are hereby authorized and directed for and in the name and  
21 on behalf of the City to execute the final form of the Site and Facility Lease for and in the  
22 name of the City. The City Council hereby authorizes the delivery and performance of the  
23 Site and Facility Lease.

24 Section 4. Approval of Lease Agreement. The City Council hereby  
25 approves the preparation and execution of the Lease Agreement in the form deemed  
26 advisable by any of the Designated Officers, and the execution of the Lease Agreement  
27 by a Designated Officer shall be conclusive evidence of the approval of any such  
28 changes or additions, so long as the term of the Lease Agreement (not including

1 extensions, as permitted therein) does not extend beyond June 30, 2030. The  
2 Designated Officers, each acting alone, are hereby authorized and directed for and in the  
3 name and on behalf of the City to execute the final form of the Lease Agreement for and  
4 in the name of the City. The City Council hereby authorizes the delivery and performance  
5 of the Lease Agreement.

6 Section 5. Official Actions. The Mayor, the City Manager, the Director of  
7 Financial Management, the City Treasurer, the City Attorney, the City Clerk and all other  
8 officers of the City are each authorized and directed in the name and on behalf of the City  
9 to make any and all assignments, certificates, requisitions, agreements, notices,  
10 consents, instruments of conveyance, warrants and other documents, which they or any  
11 of them might deem necessary or appropriate in order to consummate any of the  
12 transactions contemplated by the documents approved pursuant to this Resolution.

13 Whenever in this Resolution any officer of the City is authorized to execute or countersign  
14 any document or take any action, such execution, countersigning or action may be taken  
15 on behalf of such officer by any person designated by such officer to act on his or her  
16 behalf in the case such officer shall be absent or unavailable..

17 Section 6. This resolution shall take effect immediately upon its adoption  
18 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

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

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

Noes: Councilmembers: None.

Absent: Councilmembers: None.

Recusal(s): Councilmembers: None.

  
\_\_\_\_\_  
City Clerk

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

EXHIBIT "A"

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**City of Long Beach**

**Revolving Drawdown Abatement Lease/Leaseback**

**Summary of Terms and Conditions**

**April 9, 2020**

This Summary of Terms and Conditions (this "Term Sheet") is confidential and is intended as a statement of indicative terms only, and is provided to facilitate additional discussion. It is a proposal for your consideration only and not a commitment by JPMorgan Chase Bank, N.A. or its affiliates ("JPMorgan") to provide the financing described in this Term Sheet or any other financing. The rates and fees set forth in this proposal are indicative and are subject to market conditions at all times until JPMorgan would commit to such financing in writing and, in any event, should not be regarded as indicative after the date of this Term Sheet. Due to market volatility and high demand for bank capital, we are requesting that the City revert with a decision by Friday, April 10<sup>th</sup>.

**PRINCIPAL TERMS:**

<b>Lender</b>	JPMorgan Chase Bank, N.A., and an accredited investor and qualified institutional buyer (the "Assignee" or "Bank").
<b>Lessee</b>	City of Long Beach, California (the "City").
<b>Lessor</b>	To Be Determined (the 'Lessor' or 'Trustee')
<b>Facility/Amount</b>	Revolving Drawdown Abatement Lease Agreement in a principal amount not to exceed \$25,000,000 (or such other amount as may be agreed to and amended from time to time) subject to i) abatement; and ii) mandatory repayment in full in 364 days unless waived in writing by the Assignee (the "Facility" or "Lease Obligation").
<b>Purpose</b>	Proceeds may be used by the City for other general municipal purposes.
<b>Interest Rates</b>	See attached <b>Appendix I</b> for additional details.
<b>Fees</b>	See attached <b>Appendix I</b> for additional details.
<b>Security Covenants</b>	<p>The City shall maintain at all times unrestricted reserves or cash equal to the outstanding principal amount of all draws under the Facility ("Outstanding Principal").</p> <p>The City shall covenant with each draw request, that it has sufficient unrestricted reserves on hand to repay the draw, together with all aggregated then-outstanding draws on the Mandatory Repayment Date. The City shall provide such verification of unrestricted available reserves or cash equal in the necessary amount in a form as will be agreed upon.</p>
<b>Legal Fees</b>	<p>The City will pay all Legal Fees of the Assignee. The Assignee has engaged David Field of Chapman and Cutler as Bank Counsel. Legal fees are comingled with the fees for the City of Long Beach Tax-Exempt Revolving Line of Credit related to its Water Enterprise and are capped at \$60,000 for the two facilities.</p> <p>David Field Chapman and Cutler LLP 111 West Monroe Street</p>

	Chicago, IL 60603-4080 Phone 312-845-3792/Fax 312-516-1992 <a href="mailto:dfield@chapman.com">dfield@chapman.com</a>
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*Additional customary terms and explanations follow in the attached Appendix I*

## APPENDIX I

**OTHER PURCHASE REQUIREMENTS**

- All or Nothing:** The Facility will be extended on a revolving basis and is contingent on the closing with JPMorgan the Revolving Line of Credit related to the Water Enterprise.
- No Bond Rating:** While Assignee is the Assignee, the Lease Obligation shall not be rated by any rating agency, shall not be initially registered to participate in DTC, shall not contain a CUSIP number and shall not be marketed pursuant to any Official Statement, Offering Memorandum or any other disclosure documentation.

**INTEREST RATES, PAYMENTS AND FEES**

- Interest Rate & Fees:** The Facility would accrue interest at a variable rate per annum equal to the following:

Term	Initial Period	% Spread over One Month Libor**	Unused Fee***
Nominal Maturity of 10 years*	364 Days	1.75% per annum	0.50%

\* The Lease Obligation shall have a base rentals payment schedule equivalent to 10 years subject to full repayment at the end of the Initial Period.

\*\*A Taxable LIBOR Floor of 1.00% shall be applicable for the purposes of this Facility.

\*\*\* The facility may be structured as a revolving facility with committed amounts not outstanding and accruing interest being subject to an unused fee paid quarterly in arrears.

- Prepayment:** The advances under the Lease Obligation under the Facility may be prepaid in whole or in part, without premium or penalty, on any LIBOR Contract Renewal Date. Any prepayment on any date other than those provided for above, irrespective of whether such prepayment is due to acceleration upon an Event of Default, is subject to breakage costs payable by the Borrower.
- Pricing Grid:** Pricing shall be subject to a grid based on the Borrower's existing underlying unenhanced long term ICR debt rating(s) and shall be subject to a 10 basis point increase in the applicable spread for each notch change downgrade (including gradations within each rating category). In the event of a split rating, the lowest rating shall apply. Such pricing shall be effective as of the date of the ratings change.
- Scheduled Lease Payments:** The principal component of the Base Rentals Schedule based on a ten-year amortization of the Facility Commitment, subject to a balloon payment on the Mandatory Prepayment Date.
- Mandatory Repayment Date:** Unless the Initial Period is extended by the Assignee in writing the full outstanding principal amount of the Lease shall be due and payable in full at the end of the Initial Period plus accrued interest thereon.
- Day Basis/Year:** Act/360.
- Maximum Interest Rate:** No limitation would exist in the applicable Facility documentation or authorizing resolution that restricts the interest rate to any rate lower than the maximum rate permitted by law.



**Interest Rate**

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

**Default Rate:** The then applicable Interest Rate + 4.00%

**OTHER CERTIFICATE TERMS AND PROVISIONS**

**Security:** Leasehold interest in real property secured under a site lease and sublease ("Lease") each between the Lessee and Lessor and the assignment to Assignee of the rights and remedies thereunder including the right to receive rental payments under the Lease. The obligation of the Lessee to make lease payments will be subject to abatement upon substantial loss of beneficial use of the leased property (the City shall maintain Rental Interruption Insurance typical for this sort of transaction).

**Leased Property**

**Description:** It is anticipated that the pool of Leased Properties for the Facility will be the Disaster Prep ECOC located at 2990 Redondo Avenue and the West Long Beach Police Substation located at 1835 Santa Fe Avenue or such other real property that shall from time to time be substituted by mutual consent of the Assignee and the Issuer.

**Drawdown:** The Facility may revolve up to the Commitment amount.

**Extension of**

**Expiration Date:** Extensions of the Mandatory Prepayment Date would be within the sole discretion of the Bank and subject to its timely receipt of advance notice of request for an extension a more particularly described in the Financing Documents. Beginning 90 days prior to the Mandatory Prepayment Date, the City may request in writing that the Assignee waive or extend the mandatory prepayment of the Lease. The Assignee will make reasonable efforts to respond to such request within 30 days after receipt of all information necessary, in the Assignee's reasonable judgment, to permit the Assignee to make an informed credit decision. The Assignee may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Assignee shall have consented thereto in writing. In the event the Assignee fails to definitively respond to such request, the Assignee shall be deemed to have refused to grant such request. The consent of the Assignee, if granted, shall be conditioned upon terms and documentation in form and substance satisfactory to the Assignee.

**Required Documents:** The terms of this financing would be evidenced by agreements, instruments and documents (collectively, the "Lease Documents") that are usual and customary for an abatement lease/leaseback transaction. The required documentation would include, but not limited to, the terms and conditions outlined herein as well as the Bank's standard provisions with respect to representations and warranties, covenants, events of default, remedies, conditions precedent, waiver of sovereign immunity, waiver of jury trial/judicial reference, compliance with anti-corruption laws, protections against increased costs and other general provisions that the Assignee and its counsel deem necessary and would otherwise be satisfactory in form and substance to the Assignee and its counsel.

**Conditions Precedent:** Usual and customary representations and warranties and other conditions prior to the issuance of the Obligation for like situated issuers and for the type and term of the Lease, including absence of default, absence of material litigation and absence of material adverse change from the Issuer's financial conditions and operations as reflected in its last published CAFR.

The City of Long Beach shall be rated Aa2/AA-.

Additional conditions precedent would include delivery of acceptable lease documentation and legal opinions, including an opinion of bond counsel as to the validity and enforceability of the obligations of the Issuer under the Lease Documents.

The Bank would require a schedule of all Leased Properties and addresses thereof, along with the following requirements. All related fees and expenses incident to satisfying these conditions shall be the sole responsibility of the Lessee.

- a. An American Land Title Association (ALTA) or a California Land Title Association (CLTA) lender's title insurance policy in form and substance satisfactory to the Bank in the amount of the Certificate insuring the leased property as a first priority lien on such property, containing such endorsements and with such re-insurance as the Bank may request, excepting only such items acceptable to the Bank (but no exceptions for liens would be allowed).
- b. A flood zone determination, executed flood notification forms signed by the Borrower or other applicable party and, if located within a special flood hazard area, evidence of flood insurance on the leased property would be required, in each case acceptable to the Bank.
- c. Receipt of an ALTA Survey related to the leased property if recently completed certified to the Bank and the title company; evidence of environmental compliance and compliance with zoning and availability of utilities; and copies of licenses, permits and related agreements.
- d. Additional conditions precedent would include delivery of acceptable Documents and legal opinions, including, on the Conversion Date, an opinion of bond counsel as to the state and federal tax-exempt status of interest payable on the Certificates.

**Governing Law:** This Term Sheet and the Lease Purchase Documents would be governed by the laws of the State of California.

**Sovereign Immunity:** The Borrower will make representations and warranties relating to Absence of Sovereign Immunity (or provide a limited waiver of sovereign immunity, if applicable) related to disputes arising out of contract claims.

#### **OTHER PURCHASER REQUIREMENTS**

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**Municipal Advisor Disclosure:** The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Assignee, (ii) in connection with such transaction, the Assignee and/or its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the

related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Borrower, (iii) the Assignee and/or its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Assignee and/or its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Assignee and/or any affiliate of the Assignee, has provided other services or advised, or is currently providing other services or advising the Borrower on other matters), (v) the Assignee and/or its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

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

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

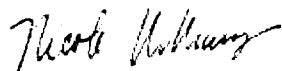
**EMMA and Rating Agency Disclosure:** The Assignee acknowledges that information about the Certificates may be posted on the MSRB's EMMA website as may be required under MSRB rules, may be referenced in "new event notice" requirements under SEC rules, or otherwise disclosed pursuant to best practices in order to maintain transparency with Borrower's existing creditors and rating agencies. Such information, may be posted and/or disclosed, subject to redaction, as requested by Assignee, including, without limitation, signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive information, to the extent that such redactions would not violate any disclosure obligations under applicable MSRB and SEC rules.

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

<b>Bank Contacts:</b>	Nicole Williams Vice President 300 S. Grand Ave., Floor 3 Los Angeles, California 90071 (213) 621-8655 Nicole.williams@jpmorgan.com	Matthew Moon Vice President 300 S. Grand Ave., Floor 3 Los Angeles, California 90071 (213) 621-8133 Matthew.s.moon@jpmorgan.com
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If you have any questions regarding the above indicative terms, please do not hesitate to contact either of us.

Sincerely,



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Nicole Williams



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Matthew Moon