

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH PROVIDING FOR THE ISSUANCE  
OF 2006-2007 TAX AND REVENUE ANTICIPATION  
NOTES OF THE CITY OF LONG BEACH

WHEREAS, in accordance with Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850 thereof) of the Government Code of the State of California (the "Government Code"), entitled "Temporary Borrowing," the City Council (the "City Council") of the City of Long Beach, California (the "City"), is authorized to issue tax and revenue anticipation notes in order to satisfy the cash flow needs of the City; and

WHEREAS, the City Council hereby finds and determines that the City needs to borrow funds in an amount not to exceed \$60,000,000 in its 2006-2007 Fiscal Year (the "Fiscal Year") for authorized purposes of the City, and the City Council desires to authorize for that purpose the issuance of, and offer for sale, tax and revenue anticipation notes of the City in an aggregate principal amount of not to exceed \$60,000,000 (the "Notes"), pursuant to the cited provisions of the Government Code to be applied for any purposes for which the City is authorized to expend moneys; and

WHEREAS, the Notes will not be outstanding for more than 12 months from the date on which the Notes are issued, and the maximum anticipated cumulative cash flow deficit of the City to be financed by the Notes in anticipation of taxes and other revenues and expected to occur within six months of the date of issuance of the Notes, determined without excluding any working capital reserve from available amounts, as defined in Treasury Regulation Section 1.148-6(d)(3); and

WHEREAS, the City desires to designate the City Treasurer and his designees (each, the Treasurer") to serve as fiscal agent (the "Fiscal Agent") and as

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1 agent for the City in matters relating to the Pledged Revenues, defined below, and also  
2 permit the Treasurer to appoint a paying agent for the Notes, as he deems appropriate;  
3 and

4 WHEREAS, the City desires to appoint Kutak Rock LLP to act as note  
5 counsel ("Note Counsel") in connection with the issuance and sale of the Notes and  
6 appoint Public Financial Management, Inc. to act as financial advisor (the "Financial  
7 Advisor") in connection with the issuance and sale of the Notes; and

8 WHEREAS, the City desires to obtain competitive bids for the sale of the  
9 Notes, and in connection therewith, Note Counsel and the Financial Advisor have  
10 prepared and presented to this City Council a form of Notice of Intention to Sell and a  
11 form of Notice Inviting Bids, respectively, for the Notes;

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

14 Section 1. Authorization of Issuance of Notes; Terms Thereof. Subject  
15 to the conditions set forth in this Resolution, the City Council hereby determines to and  
16 shall issue not to exceed \$60,000,000 aggregate principal amount of the City's  
17 2006-2007 Tax and Revenue Anticipation Notes; such Notes shall be in the  
18 denominations of \$5,000 or any integral multiple thereof; be dated the date of delivery  
19 thereof; shall mature (without option of prior redemption) on a date not more than  
20 12 months from the date of delivery thereof; and shall bear interest, payable at maturity  
21 and computed on a 30-day month/360-day year basis, at the rate determined at the  
22 time of competitive sale of the Notes, but in no event shall the interest rate on the Notes  
23 exceed 6% per annum. The exact amount of funds to be borrowed pursuant to the  
24 authority of this Resolution shall be determined by the Treasurer or his designee prior to  
25 the sale of the Notes after consultation with Note Counsel regarding appropriate issue  
26 size such that interest on the Notes will not be includible in gross income for federal tax  
27 purposes and shall not exceed \$60,000,000. Both the principal of and the interest on  
28 the Notes shall be payable, but only upon surrender thereof, in lawful money of the

1 United States of America upon presentation and surrender thereof at the principal office  
2 of the Paying Agent, defined below, for the Notes.

3           Sec. 2.       Approval of Notice Inviting Bids. The form of Notice Inviting  
4 Bids attached hereto as Exhibit A is hereby approved in the form attached hereto with  
5 such changes as shall be acceptable to the Treasurer and as shall be approved as to  
6 form by the City Attorney, such approval to be conclusively evidenced by the publication  
7 of the Notice Inviting Bids as described below. The Treasurer and the Financial Advisor  
8 are hereby authorized and directed to cause the Notice Inviting Bids to be distributed to  
9 persons who may be interested in purchasing the Notes.

10           Sec. 3.       Approval of Notice of Intention To Sell. Attached hereto as  
11 Exhibit B is the form of Notice of Intention to Sell giving notice of the City's intention to  
12 sell the Notes by competitive sale. Pursuant to Section 53692 of the California  
13 Government Code, such Notice of Intention to Sell must be published once in *The Bond*  
14 *Buyer* or other financial publication meeting the requirements of said Section 53692 at  
15 least 15 days prior to the date fixed for receipt of sealed proposals for the Notes. The  
16 Treasurer and the Financial Advisors are hereby authorized and directed to cause the  
17 publication of the Notice of Intention to Sell in substantially such form in order to comply  
18 with said 15-day notice requirement,

19           Sec. 4.       Authorization To Receive and Accept Bids. The period  
20 ending at 9:30 a.m. on the date of October 3, 2006, is hereby approved as the time and  
21 date that proposals will be received with respect to the Notes upon the terms and in the  
22 manner set forth in the Notice Inviting Bids approved above; provided that the Treasurer  
23 is hereby authorized to select such other time(s) and date(s) to receive such proposals  
24 as such person shall, in his or her discretion, deem necessary or desirable. The  
25 Treasurer, on behalf of the City, is hereby authorized to read such bids in the manner  
26 described in the Notice Inviting Bids. The Treasurer is hereby further authorized to  
27 award the Notes to the responsible bidder submitting the best bid in accordance with  
28 the terms and conditions of the Notice Inviting Bids.

1                   Sec. 5.       Form of Notes. The Notes may be issued in bearer form  
2 without coupons or, if the Notes are delivered in book-entry-only form pursuant to  
3 Section 9 hereof, in registered form, and shall be substantially in the form and  
4 substance set forth in the example attached hereto as Exhibit C, the blanks in said form  
5 to be filled in with the appropriate terms and figures.

6                   Sec. 6.       Deposit of the Note Proceeds. The moneys representing  
7 the proceeds of sale of the Notes shall be deposited pursuant to the direction of the  
8 Treasurer into the City's general fund. Following such deposit, said proceeds shall be  
9 withdrawn and expended by the City for any lawful purpose for which the City is  
10 authorized to expend moneys, including, but not limited to, current expenses, capital  
11 expenditures and the discharge of any obligation or indebtedness of the City.

12                  Sec. 7.       Payment of Notes.

13                   (a)   Source of Payment. The principal amount of the Notes,  
14 together with the interest thereon, shall be payable from taxes, income,  
15 revenue, cash receipts and other moneys which are received by the City  
16 during the Fiscal Year and which are available therefor. Pursuant to  
17 Section 53857 of the Government Code, the Notes shall be the general  
18 obligations of the City, and to the extent the Notes are not paid from the  
19 Pledged Revenues (as defined in paragraph (b) below), the Notes shall be  
20 paid with interest thereon from any other moneys of the City lawfully  
21 available therefor, as provided in this Resolution and otherwise by law.

22                   (b)   Pledged Revenues. As security for the payment of the  
23 principal of and interest on the Notes, by this Resolution, the City hereby  
24 pledges an amount equal to 15% of the principal amount of the Notes  
25 from the first unrestricted revenues received by the City in the month  
26 ending April 30, 2007; an amount equal to 15% of the principal amount of  
27 the Notes from the first unrestricted revenues received by the City during  
28 the month ending May 31, 2007; an amount equal to 15% of the principal

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amount of the Notes from the first unrestricted revenues received by the City during the month ending June 30, 2007; an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending July 31, 2007; an amount equal to 15% of the principal amount of the notes from the first unrestricted revenues received by the City during the month ending August 31, 2007; and an amount equal to 25% of the principal amount of the Notes, plus an amount sufficient to pay interest on the Notes at maturity, from the first unrestricted revenues received by the City in the month ending September 30, 2007 (collectively, the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts and other moneys of the City, as provided in Section 53856 of the Government Code, which are intended as receipts for the general fund of the City and which are generally available for the payment of current expenses and other obligations of the City. There is hereby established and created an account within the General Fund that is a special reserve general ledger subaccount and designated as the "Repayment Account" and more particularly defined in paragraph (c) below to be maintained by the Treasurer in the name and on behalf of the City, into which the Treasurer shall promptly cause to be deposited all Pledged Revenues of the City when and as received, without further permission of or instruction by the City Council. The Treasurer may elect for such Pledged Revenues in the Repayment Account to be held in the City Treasury or by the Paying Agent. From the dates of receipt by the Treasurer or the Paying Agent as applicable, of any Pledged Revenues, the City shall have no right, title or interest therein, and the Treasurer shall have the sole right of withdrawal from the Repayment Account hereinafter established for the purposes described in this Resolution.

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The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the City constituting the Pledged Revenues, as provided by law.

If there are insufficient unrestricted revenues received by the City to permit the deposit into the Repayment Account of the City of the full amount of Pledged Revenues required hereunder to be deposited from unrestricted revenues in a given month, then the amount of any deficiency shall be satisfied and made up from the first additional moneys received by the City and lawfully available for the repayment of the Notes and the interest thereon.

(c) Deposit of Pledged Revenues in Repayment Account.

Pledged Revenues shall be held by the City or the Paying Agent, in an account within the General Fund that is a special reserve general ledger subaccount and designated as the "City of Long Beach, California, 2006-2007 Tax and Revenue Anticipation Notes Repayment Account" (the "Repayment Account"), and applied as directed in this Resolution. Moneys placed in the Repayment Account shall be held for the sole benefit of the holders of the Notes, and until the Notes and all interest thereon are paid in full or until provision has been made for the payment of the Notes at maturity with interest to such date, the moneys in the Repayment Account shall be applied only for the purposes for which the Repayment Account was created.

(d) Disbursement and Investment of Moneys in Repayment

Account. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited into the Repayment Account. After such date as the amount of the Pledged Revenues deposited in the Repayment Account shall be sufficient to pay in full the

1 principal of and interest on the Notes, when due, any moneys in excess of  
2 such amount remaining in or accruing to the Repayment Account shall be  
3 transferred by the Treasurer to the general fund of the City. On the  
4 maturity date of the Notes, moneys on deposit in the Repayment Account  
5 shall be used, to the extent necessary, to pay the principal of and interest  
6 on the Notes.

7 Moneys in the Repayment Account, to the greatest extent possible,  
8 and Note proceeds deposited in the general fund held by the Fiscal Agent,  
9 shall be invested by or at the direction of the Treasurer in investments  
10 pursuant to Section 53601 of the Government Code and/or in the City's  
11 investment portfolio and in accordance with the investment policies of the  
12 City.

13 Sec. 8. Execution of Notes. The Treasurer is hereby directed to  
14 cause to be lithographed, engraved or otherwise printed or produced a sufficient  
15 number of blank Notes of suitable quality, showing on their face the interest rate  
16 applicable thereto. The Treasurer, is hereby authorized to sign the Notes manually or  
17 by facsimile, and the City Manager, or any duly designated deputy thereof (each, the  
18 "City Manager"), is hereby authorized to sign the Notes manually or by facsimile  
19 signature, and the City Clerk, or any duly designated deputy thereof (each, the "City  
20 Clerk"), is hereby authorized to countersign the Notes manually or by use of his or her  
21 facsimile signature, with at least one of said signatures being manual, and the City  
22 Clerk is hereby authorized to affix the seal of the City thereto by facsimile impression  
23 thereof, and said officers are hereby authorized to cause the blank spaces on the form  
24 of Notes to be filled in prior to initial delivery as may be appropriate. The Notes shall be  
25 manually authenticated by the Paying Agent (as defined in Section 13 below).

26 Sec. 9. Delivery of Notes in Book-Entry-Only Form. As an  
27 alternative to printing, executing and delivering certificated Notes, the City may elect to  
28 deliver the Notes in book-entry-only form by appointing the Depository Trust Company

1 (“DTC”), 19<sup>th</sup> Floor, 55 Water Street, New York, New York 10041, to act as securities  
2 depository for the Notes. In that event, a single Note substantially in the form of  
3 Exhibit C hereto, representing all of the outstanding Notes, will be executed and, on the  
4 date prior to closing, delivered to DTC. In that event, upon closing, the City shall notify  
5 DTC at which time DTC will credit the account of the successful bidder, and process the  
6 book-entry deliveries to the accounts of the subsequent purchasers of interests in the  
7 Notes. The single Note certificate will be lodged with DTC until maturity of the Notes.  
8 On the date of maturity of the Notes, the Treasurer shall remit to the Paying Agent or  
9 DTC, as appropriate, sufficient funds to pay all outstanding principal and interest due  
10 with respect to the Notes.

11           If the City elects to deliver the Notes in book-entry-only form and elects  
12 not to appoint a Paying Agent, DTC shall act as clearing agent with respect to the  
13 payment of principal of and interest on the Notes to the subsequent purchasers thereof.

14           Sec. 10.     Tax Covenants. The City covenants that it will make no use  
15 of the proceeds of the Notes or any other amounts that would cause the Notes to be  
16 “arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986, as  
17 amended (the “Tax Code”); and, to that end, the City agrees to comply with all  
18 requirements of said Section 148 and the Treasury Regulations promulgated  
19 thereunder, including restrictions on the use and investment of proceeds of the Notes  
20 and certain other amounts and the rebate of a portion of the investment earnings on  
21 proceeds of the Notes and certain other amounts, if required, to the United States. The  
22 City further covenants to do and perform all acts and things within its power and  
23 authority necessary to comply with each applicable requirement of Section 103 and  
24 Sections 141 through 150, inclusive, of the Tax Code. In furtherance of the covenants  
25 contained in this Section 10, the City agrees to comply with the tax compliance  
26 certificate of the City to be delivered concurrently with the issuance and delivery of the  
27 Notes. The City covenants that it will take no action that would cause the interest on  
28 the Notes to be included in gross income for federal income tax purposes, nor will it



1 refrain from taking action required to maintain the exclusion of interest on the Notes  
2 from gross income for federal income tax purposes.

3           Sec. 11.       Approval of Preliminary Official Statement and Official  
4 Statement. The form of the Preliminary Official Statement presented to and considered  
5 at this meeting of the City Council is hereby approved, with such changes therein as  
6 may be approved by the City Manager, with the advice of counsel to the City. The  
7 Treasurer is hereby authorized to certify that the Preliminary Official Statement is  
8 deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission  
9 (the "Rule"). The Treasurer and the Financial Advisor are each hereby authorized to  
10 cause to be prepared and distributed in both electronic and printed form the Preliminary  
11 Official Statement and a final Official Statement for use in the marketing and sale of the  
12 Notes.

13           Sec. 12.       Delivery of Notes. The City Manager is hereby authorized  
14 and directed to deliver the Notes to the successful bidder upon payment therefor in  
15 accordance with the Notice Inviting Bids. All actions heretofore taken with respect to  
16 the sale and issuance of the Notes are hereby approved, confirmed and ratified, and  
17 the City Manager is hereby authorized, confirmed and directed, for and in the name and  
18 on behalf of the City, to do any and all things and take any and all actions and execute  
19 and deliver any and all certificates, agreements and other documents, which may be  
20 deemed necessary or advisable in order to consummate the lawful issuance and  
21 delivery of the Notes in accordance with this Resolution.

22           Sec. 13.       Appointment of Paying Agent for the Notes. The Treasurer  
23 shall serve as the Fiscal Agent for the Notes. The City hereby appoints [The Bank of  
24 New York Trust Company, N.A.] as authenticating and paying agent (the "Paying  
25 Agent") for the Notes.

26           Sec. 14.       Treasurer may elect to enter into an agreement with a  
27 qualified bank located in the State of California, which shall be appointed to serve as  
28 authenticating and paying agent (the "Paying Agent") for the Notes if the Treasurer, on

1 behalf of the City, elects to appoint a Paying Agent.

2           Sec. 15.       Appointment of Note Counsel and Financial Advisor. Kutak  
3 Rock LLP is hereby appointed as Note Counsel for the issuance of the Notes on the  
4 terms and conditions approved by the City Treasurer and the City Attorney, payable  
5 from the proceeds of the Notes. Public Financial Management, Inc. is hereby  
6 appointed Financial Advisor for the issuance of the Notes on the terms and conditions  
7 approved by the City Treasurer and the City Attorney, payable from the proceeds of the  
8 Notes.

9           Sec. 16.       Approval of Continuing Disclosure Agreement. The City  
10 Council does hereby covenant and agree, for the benefit of the holders of the Notes,  
11 that the City will comply with the provisions of the Rule relating to secondary market and  
12 continuing disclosure. Failure of the City to comply with such provisions shall not be  
13 considered an event of default with respect to the Notes; however, any holder of the  
14 Notes may take such action as may be necessary and appropriate, including seeking  
15 mandate or specific performance by court order, to cause the City to comply with its  
16 obligations under this provision.

17           The City Council hereby authorizes the City Manager to execute and  
18 deliver by and on behalf of the City, for the benefit of the holders of the Notes, a  
19 Continuing Disclosure Certificate (as it may be amended from time to time in  
20 accordance with the terms thereof, the "Continuing Disclosure Certificate") in form and  
21 substance substantially similar to that attached as Exhibit D, said Continuing Disclosure  
22 Certificate to be dated the date of issuance of the Notes.

23           The City Council shall at all times do and perform all other acts and things  
24 necessary or desirable and within its power to assure compliance with the above  
25 referenced provisions of the Rule.

26           Sec. 17.       This resolution shall take effect immediately upon its  
27 adoption by the City Council, and the City Clerk shall certify the vote adopting this  
28 resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2006, by the following vote:

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

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

Absent: Councilmembers: \_\_\_\_\_  
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**EXHIBIT A**

**NOTICE INVITING BIDS**

**\$60,000,000\***

**CITY OF LONG BEACH**

**(CALIFORNIA)**

**2006-2007 Tax and Revenue Anticipation Notes**

**NOTICE IS HEREBY GIVEN** that proposals will be received by a representative of the City of Long Beach (the "City") as follows:

**Time:** 9:30 AM, Pacific Daylight Time, on or after October 3, 2006,\* as established by the City and communicated through The Bond Buyer Wire not less than 24 hours prior to the time bids are to be received.

**Manner:** Electronic Bids, via Grant Street Group's PFMAuction ("PFMAuction"). No other provider of electronic bidding services and no other means of delivery of bids (e.g., telephone, fax, telegraph or personal delivery) will be accepted. See "TERMS OF SALE AND ELECTRONIC BIDDING PROCEDURES – ELECTRONIC BIDDING PROCESS" herein.

for the purpose of purchasing \$60,000,000\* principal amount of 2006-2007 Tax and Revenue Anticipation Notes (the "Notes") of the City pursuant to a Resolution approved by the City Council on September 12, 2006 (the "Resolution"). The Notes will be issued in full conformity with the Constitution and laws of the State of California (the "State"), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and under such statute the Notes are general obligations of the City payable solely from taxes, income, revenue, cash receipts, and other moneys of the City attributable to the fiscal year commencing on October 1, 2006 ("Fiscal Year 2006-2007") and legally available therefor.

**ISSUE:** The Notes shall be sold in an aggregate principal amount of \$60,000,000\* to be designated "City of Long Beach, California, 2006-2007 Tax and Revenue Anticipation Notes." The principal amount of the Notes issued and delivered may be reduced as provided below under "PURCHASE PRICE."

**DATE, MATURITY AND INTEREST PAYMENT DATES:** The Notes will be dated their date of delivery, which is expected to be on or about October 11, 2006,\* and will mature on October 10, 2007.\* Interest on the Notes will be payable on October 10, 2007.\*

**NO REDEMPTION:** The Notes are not subject to call or redemption prior to maturity.

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\* Preliminary, subject to change.

**SECURITY:** The Notes, in accordance with California law, are a general obligation of the City of Long Beach, California. The Notes and the interest thereon are payable from taxes, income, revenues, cash receipts and other moneys of the City attributable to Fiscal Year 2006-2007, are legally available for payment thereof, and are secured by a pledge of certain of said moneys (the "Pledged Revenues"). As security for the payment of the principal of the Notes and the interest thereon, the City has pledged pursuant to the Resolution, (a) an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending April 30, 2007; (b) an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending May 31, 2007; (c) an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending June 30, 2007; (d) an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending July 31, 2007; (e) an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending August 31, 2007; and (f) an amount equal to 25% of the principal amount of the Notes, plus an amount sufficient to pay interest on the Notes at maturity, from the first unrestricted revenues received by the City in the month ending September 30, 2007.

**REPAYMENT ACCOUNT:** The Pledged Revenues shall be deposited by the City and held by the City Treasurer, acting as Fiscal Agent in trust in the Repayment Account and applied as directed under the Resolution. Any money deposited by the Fiscal Agent in the Repayment Account shall be for the benefit of the holders of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Account shall be applied only for purposes for which the Repayment Account was created.

Pursuant to the Resolution, all Pledged Revenues shall, when received, be deposited in the Repayment Account, maintained by the City Treasurer, as Fiscal Agent and held in the City of Long Beach investment portfolio. Amounts deposited by the City in the Repayment Account shall be applied solely for the purpose of paying the principal of and interest on the Notes, although such amounts shall be invested by the City in legal investments as permitted by Section 53601 of the Government Code of the State and/or in the City's investment portfolio and in accordance with the investment policies of the City.

**DEPOSIT OF NOTE PROCEEDS:** The Resolution provides that the Note proceeds shall be deposited in the City's general fund.

**PAYMENT:** Both principal and interest are payable in lawful money of the United States of America at the office of the Fiscal Agent, to The Depository Trust Company; New York, New York ("DTC"), which will in turn remit such principal and interest to the beneficial owners of the Notes through DTC's Participants, as described in the Preliminary Official Statement.

**FULL BOOK ENTRY:** The Notes, when delivered to the purchaser thereof, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Individual purchases will be made in book-entry form only, in the principal amount of

\$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

## TERMS OF SALE AND ELECTRONIC BIDDING PROCEDURES

**FORM OF BID:** Bids must be for all of the Notes, and must be for not less than the par value thereof. **Each bid must be submitted through PFMAuction and must be received not later than 9:30 a.m. on said date of sale.** Each bid must be in accordance with the terms and conditions set forth herein. Bids which do not conform to the terms of this paragraph will be rejected.

**ELECTRONIC BIDDING PROCESS:** To bid via the PFMAuction website, bidders must have both (1) completed the registration form on the PFMAuction website and (2) requested and received admission to the City's auction, as described under "Registration and Admission to Bid" below. The use of PFMAuction shall be at the bidder's risk and expense, and the City shall have no liability with respect thereto. By submitting a bid for the Notes, a prospective bidder represents and warrants to the City that such bidder's bid for the purchase of the Notes (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Notes. By registering to bid for the Notes, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice Inviting Bids shall conflict with information provided by PFMAuction, an approved provider of electronic bidding services, this Notice Inviting Bids shall control, except for any Amendments to this Notice Inviting Bids posted on the PFMAuction website, in which case such Amendments shall control. Further information about PFMAuction, including qualification, registration, rules and any fee charged, may be obtained from Grant Street Group by calling Grant Street Group's auction support at (412) 391-5555 (Extension 370).

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PFMAuction for purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice Inviting Bids. Neither the City nor PFMAuction shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the City nor PFMAuction shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PFMAuction. The City is not bound by any advice and determination of PFMAuction to the effect that any particular bid complies with the terms of this Notice Inviting Bids and in particular the bid specifications hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via PFMAuction are the sole responsibility of the bidders; the City is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Notes, it should telephone Grant Street Group and notify Gus Bracamontes of Public Financial Management at (213) 489-4075. After receipt of bids is closed, the City, through PFMAuction, will indicate the apparent Purchaser. Such message is a courtesy only for viewers, and does not constitute the award of the Notes.

Each bid will remain subject to review by the City to determine its true interest cost rate and compliance with the terms of this Notice Inviting Bids and to award the Notes.

**REGISTRATION AND ADMISSION TO BID:** To bid via PFMAuction, bidders must first visit the PFMAuction website where, if they have never registered with PFMAuction, they can register and then request admission to bid on the Notes. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only NASD registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Bidders who have previously registered with PFMAuction or any other website administered by PFMAuction's Auction Administrator, may call the Auction Administrator at (412) 391-7686 for their ID Number or password.

**ALL-OR-NONE BIDS ONLY:** Bidders may only bid to purchase all of the Notes. No bid will be considered which does not offer to purchase all of the Notes. Each bid must specify only one rate of interest and a dollar purchase price for the entire issue of Notes.

**BIDDING DETAILS:** Bidders should be aware of the following bidding details associated with the sale for each series of Notes:

- (1) **All bids must be submitted on the PFMAuction website at [www.PFMAuction.com](http://www.PFMAuction.com). No telephone, telefax, telegraph or personal delivery bids will be accepted.**
- (2) Bidders are permitted to submit bids for the Notes in only an all-or-none auction during the bidding time period.
- (3) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid when compared to the immediately preceding bid of such bidder. See "Bid Procedure and Basis of Award" below.
- (4) The final bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but each bidder will see whether their bid is a leading bid relative to other bids.
- (6) On the Auction Page, bidders will be able to see whether any bid has been submitted.

**RULES OF PFMAUCTION:** The "Rules" of PFMAuction can be viewed on the PFMAuction website and are incorporated herein by reference. Bidders must comply with the Rules of PFMAuction in addition to the requirements of this Notice Inviting Bids. In the event of a conflict between the Rules of PFMAuction and this Notice Inviting Bids, this Notice Inviting Bids shall control.

**PURCHASE PRICE:** The Notes will be awarded as a unit to the bidder whose legally acceptable bid, including any premium, produces the lowest TIC (on an annual 30/360 basis). The TIC of each proposal will be determined on the basis of the present value of the principal and interest to be paid with respect to the Notes based on the bid amount, principal plus premium (if any).

In the event that the winning bid contains a premium in excess of \$1,000,000 the principal amount of the Notes issued and delivered shall be reduced such that the principal amount of the Notes issued, together with premium thereon, does not exceed \$37,000,000.\*

**INTEREST RATE:** Interest with respect to the Notes will be calculated on a 30/360 day basis and is payable on October 10, 2007.\* In connection with the bids submitted for the Notes, (i) each bidder must bid an interest rate in a multiple of one one-thousandth of one percent (1/1000 of 1%) per annum which rate must be no greater than 6% per annum; (ii) interest with respect to a Note shall be computed annually from its date to the stated maturity date, October 10, 2007,\* at the interest rate specified in the bid; (iii) the same interest rate shall apply to all Notes; and (iv) any premium must be paid as part of the purchase price, and no bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as a substitute for payment in full for the purchase price. All bids that do not conform to the terms of this paragraph will be rejected.

**GOOD FAITH DEPOSIT:** Each bid must be accompanied by a financial surety bond of 1% of the par amount, as adjusted, payable to the order of the "City of Long Beach," to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid (the "Good Faith Deposit"). The financial surety bond must be from an insurance company licensed to issue such a bond in the State of California, whose claims-paying ability is rated in the highest rating category (without regard to subcategories) by Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. Such financial surety bond must be submitted *prior* to the time bids are to be received to Public Financial Management, Inc., 633 West Fifth Street, Suite 6700, Los Angeles, California, 90071, Attn: Gus Bracamontes, phone: (213) 489-4075, fax: (213) 489-4085. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond, and the City assumes no responsibility for any failure of a financial surety bond to list any bidder or to be received on a timely basis as described in the preceding sentence. Once the Notes are awarded to a bidder utilizing a financial surety bond, then that bidder shall deliver its good faith deposit to the Treasurer of the City in the form of a cashier's check (meeting the requirements set forth above) or by wire transfer no later than 12:00 noon (Pacific Daylight Time) on the business day immediately following the award. Wiring instructions for the Good Faith Deposit are as follows:

Union Bank of California  
Los Angeles, California  
Account #: 27400-16582

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\* Preliminary, subject to change.



Account: City of Long Beach Cash Concentration Account  
ABA#: 122-000-496

The City does not endorse the use of a financial surety bond or of any provider of such a surety bond. The City will accept a financial surety bond in lieu of a cashier's check under the terms described herein solely as an accommodation to bidders, and it is understood and agreed by each bidder using such a bond that the bidder must make its own arrangements with the provider of the bond.

No interest will be paid upon the deposit made by any bidder. Good Faith Deposit checks of all bidders (except the successful bidder or bidders, herein the "Purchaser" or "Purchasers") will be returned by the City promptly following the award of the Notes to the Purchaser. The Good Faith Deposit will be invested for the exclusive benefit of the City. The principal amount of each such deposit shall be applied to the purchase price of the Notes at the time of delivery thereof.

If any Purchaser shall fail to pay the purchase price of the Notes awarded to it in full upon tender of the Notes, such Purchaser shall have no right in or to the Notes or to the recovery of its deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Notes would not be validly issued if delivered to such Purchaser in the form and manner proposed. In the event of nonpayment by any Purchaser, the amount of such Purchaser's Good Faith Deposit shall be retained by the City as and for liquidated damages for such failure by such Purchaser, and such retention shall constitute a full release and discharge of all claims by the City against such Purchaser arising from such failure. The City's actual damages in such an event may be greater or may be less than the amount of such Purchaser's Good Faith Deposit. Each bidder waives any right to claim that the City's actual damages are less than such amount.

#### **INFORMATION REQUIRED FROM PURCHASER; REOFFERING PRICE**

By making a bid for the Notes, the Purchaser agrees (a) to provide to the City, in writing, within 24 hours of the acceptance of the bid, pricing and other related information necessary for completion of the final Official Statement, (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the City, (c) to promptly file a copy of the final Official Statement, including any supplements prepared by the City, with each Nationally Recognized Municipal Securities Information Repository and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Notes to ultimate purchasers.

Before delivery of the Notes, the successful bidder shall furnish to the City a written statement in form and substance acceptable to Note Counsel (a) stating the initial reoffering price of each maturity of the Notes to the general public; (b) certifying that a bona fide offering of the Notes has been made to the public (excluding bond houses, brokers, and other intermediaries); (c) stating the prices at which at least 10% of the Notes were sold to the public (excluding bond houses, brokers, and other intermediaries) prior to the sale of the Notes at other prices; and (d) certifying that the price at which the Notes was sold did not exceed the fair market value of such maturity as of the sale date.

**AWARD OF SALE:** The City will award the Notes or reject all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of proposals unless such time of award is waived by the Purchaser. Notice of the award will be given promptly to the successful bidder after the award is made.

**RIGHT OF REJECTION AND WAIVER:** The City reserves the right, in its discretion, to reject any and all bids to waive any irregularity or informality in any bid and to select the winning bidder among bidders submitting identical bids.

**RIGHT TO POSTPONE AWARD:** In the event that no bid is awarded, the City shall receive bids at the time and location to be communicated through The Bond Buyer Wire not less than 24 hours prior to the time bids are to be received until such time as a bid is awarded or the City determines to withdraw sale of the Notes.

**RIGHT OF CANCELLATION:** The Purchaser shall have the right at its option to cancel the sale and purchase of the Notes if the City shall fail to execute the Notes and tender the same for delivery within 30 days from the award of sale thereof.

**CUSIP NUMBERS:** CUSIP numbers will be applied for and will be printed on the Notes and the cost will be the Purchaser's responsibility. Any delay, error or omission with respect thereto will not constitute cause for the Purchaser to refuse to accept delivery of and pay for the Notes.

**PAYMENT:** Payment of the purchase price must be made in funds immediately available to the Treasurer of the City of Long Beach, California on the date of delivery of the Notes, which is expected to be on or about October 11, 2006.\*

**CHANGE IN TAX EXEMPT STATUS:** At any time before the Notes are tendered for delivery, the Purchaser may disaffirm and withdraw its proposal if the interest received by holders of notes of the same type and character as the Notes shall be determined to be includable in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be determined to be includable in gross income by the terms of any federal income tax law enacted subsequent to the date of this notice.

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEE:** The Purchaser will be required pursuant to California law to pay any fees due to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will invoice the Purchaser after the closing of the Notes.

**OFFICIAL STATEMENT:** The Preliminary Official Statement, together with any supplements thereto, is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in a final Official Statement. The City will provide each Purchaser such number of printed copies of the Official Statement for this issue as such Purchaser may reasonably request. Up to 50 copies of the Official Statement will be furnished

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\* *Preliminary, subject to change.*

without cost within seven days of the sale, and any additional copies will be furnished at the expense of the Purchaser.

**CLOSING PAPERS; LEGAL OPINION:** The obligation of the Purchaser to purchase the Notes will be conditioned upon the City furnishing to each Purchaser, without charge, concurrently with payment for and delivery of the Notes, the following closing papers, each dated the date of such delivery:

- (a) The final approving opinion of Kutak Rock LLP, Note Counsel, in the form attached as Appendix B to the Official Statement;
- (b) A certificate of the City that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Notes will be used in a manner that would cause the Notes to be “arbitrage notes”;
- (c) An opinion of the City Attorney of the City of Long Beach that there is no litigation threatened or pending affecting the validity of the Notes;
- (d) A certificate of an appropriate City official, acting on behalf of the City solely in his/her official capacity, and not in his/her personal capacity, which at the time of the sale of the Notes and at all times subsequent thereto, up to and including the time of the delivery of the Notes to the initial purchasers thereof, the Official Statement of the City pertaining to said Notes did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which it was made, not misleading;
- (e) The signature certificate of the officials of the City of Long Beach, showing that they have signed the Notes and impressed the seal of the City thereon, and that they were respectively duly authorized to execute the same; and
- (f) The receipt of the Treasurer of the City of Long Beach that the purchase price of the Notes has been received.

**INFORMATION AVAILABLE:** Requests for information concerning the City should be addressed to:

Public Financial Management  
633 West Fifth Street, Suite 6700  
Los Angeles, CA 90071  
Attn: Gus Bracamontes  
Phone: (213) 489-4075  
Fax: (213) 489-4085

CITY OF LONG BEACH

By:           /s/ David Nakamoto            
Treasurer, City of Long Beach

Dated: \_\_\_\_\_

## EXHIBIT B

### NOTICE OF INTENTION TO SELL

\$ \_\_\_\_\_\*  
City of Long Beach, California  
2006-2007 Tax and Revenue Anticipation Notes

NOTICE IS HEREBY given that the City of Long Beach, California (the "City") intends to receive electronic proposals for the purchase of \$[\_\_\_\_\_] \* principal amount of City of Long Beach, California 2006-2007 Tax and Revenue Anticipation Notes (the "Notes"), as follows:

**Time: 9:30 a.m., Pacific Daylight Time, on or after October 3, 2006, as established by the City and communicated through The Bond Buyer Wire not less than 24 hours prior to the time bids are to be received.**

**Manner: Electronic Bids, via the Grant Street Group's PFM Auction ("PFM Auction"). No other provider of electronic bidding services, and no other means of delivery of bids (e.g., telephone, fax, telegraph or personal delivery) will be accepted.**

Electronic proposals may be submitted for receipt prior to the time for receipt of the bids at the time and place set forth above, only through the Grant Street Group's PFM Auction website, located at [www.PFMAuction.com](http://www.PFMAuction.com), in accordance with the procedures, terms and conditions set forth in the Notice Inviting Bids. Bidders expecting to submit a bid by electronic transmissions are requested to notify the City's financial advisor, Public Financial Management Inc., of their intent as early as possible. No other provider of Internet bidding services and no other means of delivery (i.e., telephone, facsimile or physical delivery) will be accepted. Changes in the date and time of receipt of proposals will be communicated via The Bond Buyer Wire not later than 12:00 p.m., Pacific Daylight Time, on the business day prior to the bid opening.

Copies of the complete Notice Inviting Bids together with copies of the Preliminary Official Statement to be issued in connection with the sale of the Notes and copies of the authorizing resolution and other documents related thereto may be obtained from the City or from the offices of the City's financial advisor at the following locations: City Treasurer, City of Long Beach, 6<sup>th</sup> Floor, 333 West Ocean Boulevard, Long Beach, California 90802-4664, telephone: (562) 570-6845; and Public Financial Management Inc., 633 W. 5<sup>th</sup> Street, Suite 6700, Los Angeles, CA 90071, telephone: (213) 489-4075.

The Preliminary Official Statement will be in a form deemed final by the City within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, except for the omission of certain information permitted to be omitted therefrom pursuant to Rule 15c2-12 but is subject to revision, amendment and completion in a final Official Statement.

Dated: \_\_\_\_\_, 2006.

*\* Preliminary; subject to change.*

**EXHIBIT C**

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\$ \_\_\_\_\_<sup>\*</sup>  
City of Long Beach, California  
2006-07 Tax And Revenue Anticipation Notes

<b>Dated Date</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>CUSIP No.</b>
October 11, 2006	[ _____ ]%	October 10, 2007	[ _____ ]

Principal Amount: [ \_\_\_\_\_ ] DOLLARS

FOR VALUE RECEIVED, THE CITY OF LONG BEACH, CALIFORNIA, a charter city of the State of California (the "City"), acknowledges itself indebted to and promises to pay to Cede & Co., at the office of the Treasurer of the City (the "Treasurer") the principal sum of \$[ \_\_\_\_\_ ] in lawful money of the United States of America, on October 10, 2007, with interest thereon at the rate of [ \_\_\_\_\_ ]% per annum, computed on a 30-day month and a 360-day year basis from the date hereof until payment in full of said principal sum. Both the principal of and the interest on this Note shall be payable upon surrender of this Note at the office of the Paying Agent as the same shall become due; provided, however, that no interest shall be payable for any period after maturity during which the registered owner hereof fails properly to present this Note for payment.

It is hereby certified, recited and declared that this Note is part of an issue of \$[ \_\_\_\_\_ ] aggregate principal amount of Notes (the "Notes") issued by the City, under and in accordance with the provisions of Article 7.6 of Chapter 4, Part 1 of Division 2 of Title 5 of the California Government Code (constituting Sections 53850-53858, inclusive, of said Code), and a Resolution duly adopted by the City Council of the City on September 12, 2006.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City during its 2006-2007 fiscal year. As security for the payment of principal of and interest on the Notes, the City has pledged an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending April 30, 2007; and an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending May 31, 2007; and an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending June 30, 2007; an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending July 31, 2007; and amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending August 31, 2007; and an amount equal to 25% of the principal amount of the Notes plus an amount sufficient to pay interest on the Notes at maturity from the first unrestricted revenues of the City to be received in the month ending September 30, 2007 (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal

of the Notes and the interest thereon shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the City lawfully available therefore.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the City or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by authorized representative of The Depository Trust Company and any payment is made to Cede & Co., any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that the Notes are issued in conformity with the laws of the State of California and the proceedings of the City Council, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Notes have existed, happened and been performed in regular and due time, form and manner as required by law, and that the Notes, together with all other indebtedness and obligations of the City, do not exceed any limit prescribed by the Constitution and statutes of the State of California.

IN WITNESS WHEREOF, the City has caused this Note to be executed by the City Manager and the City Treasurer, and has caused it to be countersigned by the City Clerk, which signatures may be either by their manual or facsimile signatures, has caused a facsimile of its official seal to be printed thereon, and has caused this Note to be dated October 11, 2006.

CITY OF LONG BEACH, CALIFORNIA

[SEAL]

By \_\_\_\_\_,  
\_\_\_\_\_, City Manager

By \_\_\_\_\_,  
\_\_\_\_\_, City Treasurer

COUNTERSIGNED:

By \_\_\_\_\_,  
\_\_\_\_\_, City Clerk

**CERTIFICATE OF AUTHENTICATION**

Date of Authentication:

\_\_\_\_\_, 2006

This is one of the Notes described in the within mentioned Resolution of the City of Long Beach, California.

\_\_\_\_\_,  
as Paying Agent

By \_\_\_\_\_  
\_\_\_\_\_, Authorized Signatory



## EXHIBIT D

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the City of Long Beach, California (the "City") in connection with the issuance by the City of Long Beach of its \$ \_\_\_\_\_ aggregate principal amount of City of Long Beach, California, 2006-2007 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a Resolution adopted by the City Council of the City on September 12, 2006 (the "Resolution"). The City covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**Section 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

*"Dissemination Agent"* shall mean the City, or any successor Dissemination Agent designated in writing by the City.

*"Listed Events"* shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

*"National Repository"* shall mean any Nationally Recognized Municipal Securities Information Repository under the Rule.

*"Participating Underwriter"* shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with the offering of the Notes.

*"Repository"* shall mean each State Repository, if any, and National Repository.

*"Rule"* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*"State Repository"* shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

### **Section 3. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 3, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

- (i) principal and interest payment delinquencies or delinquencies in any scheduled deposit into a Repayment Account;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) adverse tax opinions or events affecting the tax-exempt status of the Notes;
- (vi) modifications to rights of Noteholders;
- (vii) contingent or unscheduled Note calls;
- (viii) defeasances;
- (ix) release, substitution or sale of property securing repayment of the Notes;
- (x) rating changes;
- (xi) substitution of credit or liquidity providers, or their failure to perform;

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the City shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in clauses (a)(viii) and (ix) need not be given under this paragraph any earlier than the notice, if any, of the underlying event is given to holders of affected Notes pursuant to the Resolution.

**Section 4. Termination of Reporting Obligation.** The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in

full of all of the Notes. If such termination occurs prior to the maturity of the Notes, the City shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

**Section 5. Dissemination Agent.** The City may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the City, shall not be responsible in any manner for the content of any notice prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Notes; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

**Section 7. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

**Section 8. Default.** In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in the County of Los Angeles or in a U.S. District Court in or nearest to the City of Long Beach. A default under this Disclosure Certificate shall not be deemed a default under the Resolution and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 9. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses, including attorneys' fees, of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

**Section 10. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Notes, and shall create no rights in any other person or entity.

**Section 11. Filing With Central Post Office.** Any filing under this Certificate may alternatively be made by transmitting such filing to the Texas Municipal Advisory Council as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the Texas Municipal Advisory Council dated September 7, 2004.

Dated as of October \_\_\_\_\_, 2006.

CITY OF LONG BEACH, CALIFORNIA

By \_\_\_\_\_  
\_\_\_\_\_, City Manager