

March 17, 2020

R-23

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the issuance of the Airport Revenue Refunding Bonds Series 2020, in an aggregate principal amount not to exceed \$119,565,000, secured and solely payable from Airport revenues, and authorize the City Manager, or designee, to execute all necessary documents in connection therewith. (District 5)

DISCUSSION

On November 3, 2009 and October 19, 2010, the City Council approved the issuance of \$65 million Airport Revenue Bonds Series 2009 and \$70 million Airport Revenue Bonds Series 2010, respectively. The bonds were issued to finance the Airport's parking structure and Phase I of the Terminal Area Improvements.

Additionally, on February 11, 2020, the City Council expressed its intent to issue Airport revenue bonds in an amount of up to \$21 million to finance a portion of the construction costs for Phase II Terminal Area Improvements and the costs associated with issuing a bond.

The City proposes to issue the Airport Revenue Refunding Bonds Series 2020 (Series 2020 Bonds), in an aggregate principal amount not to exceed \$119,565,000. Proceeds from the issuance of the Series 2020 Bonds will be used to refund the outstanding Airport Revenue Bonds, Series 2009 and 2010 (Refunded Bonds). Additionally, the Series 2020 Bonds will include new money financing of up to \$21 million to fund Phase II Terminal Area Improvements. The Airport estimates that the Series 2020 Bonds will have: (1) a true interest cost of 2.80 percent, (2) finance charges of \$778,000, (3) escrow/project fund amount of \$125.7 million; and (4) total debt service of \$150.9 million.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 19, 2020 and by Grants and Projects Officer Arlen Crabtree on February 12, 2020.

TIMING CONSIDERATIONS

City Council approval is requested on March 17, 2020, to take advantage of the low interest rate environment, and to facilitate the completion of Phase II Terminal Area Improvements.

FISCAL IMPACT

The Series 2020 Bonds will be secured and solely payable from Airport revenues. It is anticipated that the refunding portion of the Series 2020 Bonds will generate approximately \$25.9 million in net present value interest cost savings over the life of the bonds compared to the Series 2009 and 2010 Bonds. The savings from the Refunded Bonds will be used to offset a portion of the construction costs of Phase II Terminal Area Improvements in an amount up to \$21 million and will result in (under current market conditions) lower aggregate annual debt service payments for the next 10 years. The Phase II Terminal Area Improvements budget is currently appropriated in the Airport Fund Group in the Airport Department. The Series 2020 Bonds will mature in 2040 and will have an average annual debt service payment of approximately \$7.5 million. Since, the annual debt service payments for the Series 2020 Bonds will be lower than the existing debt service on the Series 2009 and 2010 combined, there is sufficient appropriation in the Airport Fund Group in the Airport Department for the new debt service payments. The General Fund Group will not be liable for the debt service payments. 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.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



CYNTHIA GUIDRY
DIRECTOR, LONG BEACH AIRPORT

ATTACHMENT – RESOLUTION

APPROVED:



THOMAS B. MODICA
ACTING CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALIFORNIA AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$119,565,000 IN AGGREGATE PRINCIPAL AMOUNT OF ONE OR MORE SERIES OF CITY OF LONG BEACH, CALIFORNIA SENIOR AIRPORT REVENUE AND REVENUE REFUNDING BONDS AND CERTAIN RELATED MATTERS

WHEREAS, the City of Long Beach (the "City") is a city organized and existing under a charter duly and regularly adopted (the "Charter") pursuant to the provisions of the Constitution of the State of California; and

WHEREAS, the City owns and operates the Long Beach Airport (the "Airport"); and

WHEREAS, pursuant to the Charter and Sections 3.52.110 et seq. of the Long Beach Municipal Code (the "Municipal Code"), the City is authorized to issue revenue bonds payable from the Airport Enterprise Fund for purposes of financing improvements to the Airport; and

WHEREAS, the City Council has determined that it is in the best interest of the City to issue, from time to time, Bonds (as defined in the hereinafter defined Master Senior Indenture) for the purposes set forth in the Charter, the Municipal Code and the Master Senior Indenture, dated as of December 1, 2009 (the "Master Senior Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Senior Trustee"), and that such Bonds be payable from and secured by Net Revenues (as defined in the Master Senior Indenture) and the other security provided for in the Granting Clause of the Master Senior Indenture; and

WHEREAS, the City Council previously determined that it was in the best

1 interests of the City to issue its Senior Airport Revenue Bonds, Series 2009A (the "Series
2 2009A Bonds"), and its Senior Airport Revenue Bonds, Series 2009C (the "Series 2009C
3 Bonds," and together with the Series 2009A Bonds, the "Series 2009 Bonds") pursuant to
4 the Master Senior Indenture and the First Supplemental Senior Indenture, dated as of
5 December 1, 2009, by and between the City and the Senior Trustee; and

6 WHEREAS, the City Council previously determined that it was in the best
7 interests of the City to issue its Senior Airport Revenue Bonds, Series 2010A (the "Series
8 2010A Bonds"), and its Senior Airport Revenue Bonds, Series 2010B (the "Series 2010B
9 Bonds," and together with the Series 2010A Bonds, the "Series 2010 Bonds"), pursuant
10 to the Master Senior Indenture and the Second Supplemental Senior Trust Indenture,
11 dated as of November 1, 2010, by and between the City and the Senior Trustee; and

12 WHEREAS, the City Council has determined that it is in the best interest of
13 the City to issue its City of Long Beach, California Senior Airport Revenue Refunding
14 Bonds, Series 2020A (Governmental/Non-AMT) (the "Series 2020A Bonds"), its City of
15 Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020B (Private
16 Activity/Non-AMT) (the "Series 2020B Bonds"), and its City of Long Beach, California
17 Senior Airport Revenue Bonds, Series 2020C (Private Activity/AMT) (the "Series 2020C
18 Bonds," and collectively with the Series 2020A Bonds and the Series 2020B Bonds, the
19 "Series 2020 Bonds") to, (a) current refund and defease all or a portion of the outstanding
20 Series 2009 Bonds and Series 2010 Bonds, provided any such refunding complies with
21 the City's debt management policy, (b) finance certain capital expenditures related to and
22 arising from the design, acquisition, construction, equipping and improving of certain
23 Airport facilities (the "Projects"), (c) fund a reserve fund or purchase a reserve fund surety
24 bond for the Series 2020 Bonds, (d) purchase a municipal bond insurance policy or
25 policies, if it is determined by a Designated Officer (as hereinafter defined) that the
26 purchase of a municipal bond insurance policy or policies results in savings to the City,
27 and (e) pay the costs of issuance of the Series 2020 Bonds; and

28 WHEREAS, the Series 2020 Bonds will be issued pursuant to the Charter,

1 the Municipal Code, the Master Senior Indenture and the Third Supplemental Senior
2 Indenture (as hereinafter defined); and

3 WHEREAS, the Series 2020 Bonds will be issued so that the interest paid
4 on the Series 2020 Bonds will be excluded from the gross income of the recipients thereof
5 under the varying provisions of the Internal Revenue Code of 1986, as amended, and the
6 regulations promulgated thereunder or related thereto (collectively, the "IRC"); and

7 WHEREAS, there have been presented to the City Council the following
8 documents:

9 (a) a form of the Third Supplemental Senior Trust Indenture (the "Third
10 Supplemental Senior Indenture"), to be entered into by and between the City and the
11 Senior Trustee;

12 (b) a form of the Bond Purchase Agreement (the "Bond Purchase
13 Agreement"), to be entered into by and between Morgan Stanley & Co. LLC, on its own
14 behalf and on behalf of Cabrera Capital Markets, LLC, and RBC Capital Markets, LLC
15 (collectively, the "Underwriters") and the City, with respect to the purchase and sale of the
16 Series 2020 Bonds;

17 (c) a form of the Continuing Disclosure Certificate (the "Continuing
18 Disclosure Certificate") to be executed by the City;

19 (d) a form of the Preliminary Official Statement (the "Preliminary Official
20 Statement") relating to the Series 2020 Bonds; and

21 (e) a form of the Escrow Agreement (the "Escrow Agreement"), to be
22 entered into by and between the City and the Senior Trustee, as trustee and escrow agent,
23 with respect to the refunding and defeasance of all or a portion of the Senior 2010 Bonds;

24 and

25 WHEREAS, said documents will be modified and amended to reflect the
26 various details applicable to the Series 2020 Bonds and said documents are subject to
27 completion to reflect the results of the sale of the Series 2020 Bonds;

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

1 follows:

2 Section 1. Issuance of the Series 2020 Bonds; Terms of the Series 2020
3 Bonds. Subject to the provisions of this Resolution and for the purposes set forth in the
4 foregoing recitals, the City Council hereby authorizes the issuance by the City of its
5 Series 2020 Bonds in an aggregate principal amount not to exceed \$119,565,000, plus
6 the amount of any original issue premium at which the Series 2020 Bonds may be sold.
7 The Series 2020 Bonds shall bear interest at such rates with respect to the various
8 maturities such that the true interest cost for the Series 2020 Bonds does not exceed
9 5.00% per annum, and no Series 2020 Bond shall have a maturity greater than 21 years.
10 The true interest cost shall be that rate which, when used in computing the present worth
11 of all payments of principal and interest to be paid on the Series 2020 Bonds
12 (compounded on the first interest payment date, and semiannually thereafter), produces
13 an amount equal to the purchase price of the Series 2020 Bonds taking into account any
14 original issue premium/discount, accrued interest, underwriters' fees and any and all
15 costs of issuance of the Series 2020 Bonds.

16 The Series 2020 Bonds shall be in fully registered form and may be issued
17 as Book-Entry Bonds as provided for in the Master Senior Indenture and the Third
18 Supplemental Senior Indenture. Payment of principal and premium, if any, of, and
19 interest on the Series 2020 Bonds shall be made at the place or places and in the
20 manner provided in the Master Senior Indenture and the Third Supplemental Senior
21 Indenture. The Series 2020 Bonds shall be payable in accordance with the provisions of
22 the Master Senior Indenture and the Third Supplemental Senior Indenture solely from the
23 Net Revenues and such other amounts, funds and accounts provided for in the Master
24 Senior Indenture and the Third Supplemental Senior Indenture.

25 The Series 2020 Bonds shall be issued as current interest bonds in
26 authorized denominations of \$5,000 and integral multiples thereof. The Series 2020
27 Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as
28 shall be provided in the Third Supplemental Senior Indenture. The Series 2020 Bonds

1 may be issued as serial bonds or as term bonds or as both serial bonds and term bonds,
2 all as set forth in the Master Senior Indenture and the Third Supplemental Senior
3 Indenture. Each maturity of Series 2020 Bonds shall bear interest at a rate not in excess
4 of 5.00% per annum. Interest on the Series 2020 Bonds shall be paid on the dates set
5 forth in the Third Supplemental Senior Indenture. The Series 2020 Bonds shall be
6 subject to redemption at the option of the City on such terms and conditions as shall be
7 set forth in the Master Senior Indenture, the Third Supplemental Senior Indenture and the
8 Bond Purchase Agreement. The Series 2020 Bonds which are term bonds shall also be
9 subject to mandatory sinking fund redemption as shall be set forth in the Master Senior
10 Indenture, the Third Supplemental Senior Indenture and the Bond Purchase Agreement.

11 The Series 2020 Bonds shall be sold in a manner by which the interest
12 thereon is excludable from gross income under the IRC.

13 The proceeds from the sale of the Series 2020 Bonds, together with other
14 available moneys, shall be used by the City to (a) current refund and defease all or a
15 portion of the outstanding Series 2009 Bonds and Series 2010 Bonds, provided any such
16 refunding complies with the City's debt management policy, (b) finance the Projects, (c)
17 fund a reserve fund or purchase a reserve fund surety bond for the Series 2020 Bonds,
18 (d) purchase a municipal bond insurance policy or policies, if it is determined by a
19 Designated Officer that the purchase of a municipal bond insurance policy or policies
20 results in savings to the City, and (e) pay the costs of issuance of the Series 2020 Bonds.

21 Section 2. Pledge to Secure the Series 2020 Bonds. The City Council
22 hereby approves the pledge of Net Revenues, and the other security set forth in the
23 Granting Clauses of the Master Senior Indenture and the Third Supplemental Senior
24 Indenture, to secure the Series 2020 Bonds, as set forth in the Master Senior Indenture
25 and the Third Supplemental Senior Indenture. Except for the Series 2009 Bonds and the
26 Series 2010 Bonds, the City hereby confirms that it has not previously granted any prior
27 or parity interest in the Net Revenues. The City hereby agrees that it will not, so long as
28 the Series 2020 Bonds remain outstanding, grant or attempt to grant any parity pledge,

1 lien or other interest in the Net Revenues to secure any other obligations of the City
2 except as permitted in the Master Senior Indenture. The Director of Financial
3 Management/CFO of the City or the City Treasurer of the City are hereby authorized and
4 directed to institute such accounting policies and modifications as the Director of
5 Financial Management/CFO of the City or the City Treasurer of the City deems
6 necessary to provide for the accounting of revenues and expenses contemplated by the
7 Master Senior Indenture and the Third Supplemental Senior Indenture.

8 Section 3. Special Limited Obligations. The Series 2020 Bonds shall be
9 special limited obligations of the City, payable solely from and secured by a pledge of Net
10 Revenues derived by the City from the operations of the Enterprise (as defined in the
11 Master Senior Indenture, which includes the Airport and all operations of the Airport,
12 including all of its revenue producing functions, facilities and properties, whether or not
13 directly related to the air transportation of people and goods) and such other amounts,
14 funds and accounts pledged therefor under the Master Senior Indenture and the Third
15 Supplemental Senior Indenture. None of the properties of the Enterprise shall be subject
16 to any mortgage or other lien for the benefit of the owners of the Series 2020 Bonds, and
17 neither the full faith and credit nor the taxing power of the City, the State of California (the
18 "State") or any political subdivision or agency of the State shall be pledged to the
19 payment of the principal of, premium, if any, or interest on the Series 2020 Bonds.
20 Neither the Series 2020 Bonds nor the obligation to pay principal of or interest thereon
21 shall constitute a debt of the City, the State or any of its political subdivisions within the
22 meaning of any Constitutional limitation on indebtedness.

23 Section 4. Form(s) of Bonds. The Series 2020 Bonds and the Senior
24 Trustee's certificate of authentication to appear thereon shall be in substantially the forms
25 set forth in the exhibits to the Third Supplemental Senior Indenture, with such necessary
26 or appropriate variations, omissions and insertions as permitted or required by the Master
27 Senior Indenture and the Third Supplemental Senior Indenture or as appropriate to
28 adequately reflect the terms of each series of the Series 2020 Bonds and the obligations

1 represented thereby.

2 Section 5. Execution of the Series 2020 Bonds. The Series 2020 Bonds
3 shall be executed on behalf of the City by either the City Manager (including any person
4 serving in an acting or interim capacity), the Director of Financial Management/CFO
5 (including any person serving in an acting or interim capacity), the City Treasurer
6 (including any person serving in an acting or interim capacity) or any other Authorized
7 City Representative designated by the City Manager (each a "Designated Officer") and
8 attested by the City Clerk (including any person serving in an acting or interim capacity).
9 Any such execution may be made by manual or facsimile signature, and each Series
10 2020 Bond shall be authenticated by the signature of the Senior Trustee or an agent of
11 the Senior Trustee as required and permitted by the Master Senior Indenture and the
12 Third Supplemental Senior Indenture. Any facsimile signature of such Designated Officer
13 shall have the same force and effect as if such Designated Officer had manually signed
14 each of such Series 2020 Bonds.

15 Section 6. Sale of Series 2020 Bonds. The City hereby authorizes the
16 sale of the Series 2020 Bonds through a negotiated sale to the Underwriters. The
17 Designated Officers, each acting alone, are hereby authorized to approve the final terms
18 of the sale of the Series 2020 Bonds subject to the terms, conditions and restrictions set
19 forth in this Resolution. The Series 2020 Bonds shall be sold with an underwriters'
20 discount and/or underwriting fee as set forth in the Bond Purchase Agreement, not to
21 exceed one percent (1.00%) of the aggregate principal amount of the Series 2020 Bonds,
22 and subject to the terms and conditions set forth in the Bond Purchase Agreement. The
23 Bond Purchase Agreement, in the form on file with the City Clerk, is hereby approved.
24 The Designated Officers, each acting alone, are hereby authorized, empowered and
25 directed to execute, acknowledge and deliver the Bond Purchase Agreement, including
26 counterparts thereof, in the name and on behalf of the City. The Bond Purchase
27 Agreement, as executed and delivered, shall be in substantially the form on file with the
28 City Clerk and hereby approved, or with such changes therein as shall be approved by

1 the officer or officers executing such Bond Purchase Agreement, such execution to be
2 conclusive evidence of the City Council's approval of any and all changes or revisions
3 therein from the form of the Bond Purchase Agreement now before this meeting. The
4 City Council hereby authorizes the delivery and performance of the Bond Purchase
5 Agreement and from and after the execution and delivery of the Bond Purchase
6 Agreement, the officers, agents and employees of the City are hereby authorized,
7 empowered and directed to do all such acts and things and to execute all such
8 documents as may be necessary to carry out and comply with the provisions of the Bond
9 Purchase Agreement.

10 Section 7. Approval of Third Supplemental Senior Indenture. The Third
11 Supplemental Senior Indenture, in the form on file with the City Clerk, is hereby
12 approved. The Designated Officers, each acting alone, are hereby authorized,
13 empowered and directed to execute, acknowledge and deliver the Third Supplemental
14 Senior Indenture, including counterparts thereof, in the name and on behalf of the City.
15 The Third Supplemental Senior Indenture, as executed and delivered, shall be in
16 substantially the form on file with the City Clerk and hereby approved, or with such
17 changes therein as shall be approved by the officer or officers executing the Third
18 Supplemental Senior Indenture, such execution to be conclusive evidence of the City
19 Council's approval of any and all changes or revisions therein from the form of the Third
20 Supplemental Senior Indenture now before this meeting; and the City Clerk is hereby
21 authorized and directed to attest thereto. The City Council hereby authorizes the delivery
22 and performance of the Third Supplemental Senior Indenture and from and after the
23 execution and delivery of the Third Supplemental Senior Indenture, the officers, agents
24 and employees of the City are hereby authorized, empowered and directed to do all such
25 acts and things and to execute all such documents as may be necessary to carry out and
26 comply with the provisions of the Third Supplemental Senior Indenture.

27 Section 8. Approval of Escrow Agreement. The Escrow Agreement, in
28 the form on file with the City Clerk, is hereby approved. The Designated Officers, each

1 acting alone, are hereby authorized, empowered and directed to execute, acknowledge
2 and deliver the Escrow Agreement, including counterparts thereof, in the name and on
3 behalf of the City. The Escrow Agreement, as executed and delivered, shall be in
4 substantially the form on file with the City Clerk and hereby approved, or with such
5 changes therein as shall be approved by the officer or officers executing such Escrow
6 Agreement, such execution to be conclusive evidence of the City Council's approval of
7 any and all changes or revisions therein from the form of the Escrow Agreement now
8 before this meeting. The City Council hereby authorizes the delivery and performance of
9 the Escrow Agreement and from and after the execution and delivery of the Escrow
10 Agreement, the officers, agents and employees of the City are hereby authorized,
11 empowered and directed to do all such acts and things and to execute all such
12 documents as may be necessary to carry out and comply with the provisions of the
13 Escrow Agreement.

14 Section 9. Approval of Continuing Disclosure Certificate. The Continuing
15 Disclosure Certificate, in the form on file with the City Clerk, is hereby approved. The
16 Designated Officers, each acting alone, are hereby authorized, empowered and directed
17 to execute, acknowledge and deliver the Continuing Disclosure Certificate, including
18 counterparts thereof, in the name and on behalf of the City. The Continuing Disclosure
19 Certificate, as executed and delivered, shall be in substantially the form on file with the
20 City Clerk and hereby approved, or with such changes therein as shall be approved by
21 the officer or officers executing such Continuing Disclosure Certificate, such execution to
22 be conclusive evidence of the City Council's approval of any and all changes or revisions
23 therein from the form of the Continuing Disclosure Certificate now before this meeting.
24 The City Council hereby authorizes the delivery and performance of the Continuing
25 Disclosure Certificate and from and after the execution and delivery of the Continuing
26 Disclosure Certificate, the officers, agents and employees of the City are hereby
27 authorized, empowered and directed to do all such acts and things and to execute all
28 such documents as may be necessary to carry out and comply with the provisions of the

1 Continuing Disclosure Certificate.

2 Section 10. Approval of Preliminary Official Statement. The Preliminary
3 Official Statement is hereby approved in substantially the form presented to and
4 considered at this meeting (a form of which is on file with the City Clerk), with such
5 changes therein as shall be approved by a Designated Officer. The Preliminary Official
6 Statement shall be circulated (via printed format and/or electronic means) for use in
7 offering and selling the Series 2020 Bonds at such time or times as a Designated Officer
8 (after consultation with the City's municipal advisor, bond counsel and disclosure counsel
9 and such other advisors the City believes to be useful) shall determine that the
10 Preliminary Official Statement is final within the meaning of Rule 15c2-12 promulgated
11 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the
12 omission of certain information described in paragraph (b)(1) of Rule 15c2-12, and any
13 such action previously taken is hereby confirmed, ratified and approved. The
14 Underwriters are hereby authorized to distribute (via printed format and/or electronic
15 means) the Preliminary Official Statement, in connection with the offering and sale of the
16 Series 2020 Bonds to the public. Along with the Preliminary Official Statement, the
17 Underwriters are hereby further authorized to distribute (via printed format and/or through
18 electronic means) copies of the City's and/or the Airport Enterprise Fund's most recent
19 annual audited financial statements and such other financial statements of the City and
20 the Airport Enterprise Fund as a Designated Officer shall approve.

21 Section 11. Approval of Official Statement. Prior to the final delivery of the
22 Series 2020 Bonds, the City shall provide for the preparation, publication, execution and
23 delivery of a final Official Statement relating to the Series 2020 Bonds in substantially the
24 form of the draft Preliminary Official Statement on file with the City Clerk. Each
25 Designated Officer, or any one of them, is hereby authorized and directed to execute and
26 deliver the final Official Statement, and any supplements thereto, in the name of and on
27 behalf of the City, and to make any changes or revisions necessary to the Preliminary
28 Official Statement in order for the final Official Statement to meet the requirements of the

1 City under the Bond Purchase Agreement. The execution thereof shall constitute
2 conclusive evidence of City Council's approval of any and all changes or revisions therein
3 from the form of the Preliminary Official Statement on file with the City Clerk. The Official
4 Statement shall be circulated (via printed format and/or electronic means) for use in
5 selling the Series 2020 Bonds at such time or times as a Designated Officer (after
6 consultation with the City's municipal advisor, bond counsel and disclosure counsel and
7 such other advisors the City believes to be useful) shall determine that the Official
8 Statement is a "final official statement" within the meaning of Rule 15c2 12. The
9 Underwriters are hereby authorized to distribute (via printed format and/or electronic
10 means) the Official Statement, in connection with the offering and sale of the Series 2020
11 Bonds to the public. Along with the Official Statement, the Underwriters are hereby
12 further authorized to distribute (via printed format and/or through electronic means)
13 copies of the City's and/or the Airport Enterprise Fund's most recent annual audited
14 financial statements and such other financial statements of the City and the Airport
15 Enterprise Fund as a Designated Officer shall approve.

16 Section 12. Confirmation of Underwriters. The City Council hereby
17 confirms the selection of Morgan Stanley & Co. LLC, Cabrera Capital Markets, LLC, and
18 RBC Capital Markets, LLC, as the Underwriters of the Series 2020 Bonds.

19 Morgan Stanley & Co. LLC, has entered into a retail distribution
20 arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this retail
21 distribution arrangement, Morgan Stanley & Co. LLC, will distribute municipal securities
22 to retail investors through the financial advisor network of Morgan Stanley Smith Barney
23 LLC. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan
24 Stanley Smith Barney LLC for its selling efforts with respect to the Series 2020 Bonds.

25 Section 13. Senior Trustee, Paying Agent and Registrar. The City Council
26 hereby appoints The Bank of New York Mellon Trust Company, N.A., as Senior Trustee,
27 paying agent and registrar for the Series 2020 Bonds. Such appointments shall be
28 effective upon the issuance of the Series 2020 Bonds and shall remain in effect until the

1 City shall, by supplemental indenture or by resolution, name a substitute or successor
2 thereto.

3 Section 14. Escrow Agent. The City Council hereby appoints The Bank of
4 New York Mellon Trust Company, N.A. as escrow agent with respect to the refunded
5 Series 2010 Bonds. Such appointment shall be effective upon issuance of the Series
6 2020 Bonds and shall remain in effect until the City shall, pursuant to the Escrow
7 Agreement, name a substitute or successor thereto.

8 Section 15. California Debt and Investment Advisory Commission and
9 Notices. Each Designated Officer, or any one of them, on behalf of the City, is further
10 authorized and directed to (a) cause written notice to be provided to the California Debt
11 and Investment Advisory Commission (the "Commission") of the proposed sale of the
12 Series 2020 Bonds, said notice to be provided in accordance with Section 8855, et seq.
13 of the Government Code of the State of California, (b) file or cause to be filed the notice
14 of final sale with said Commission, (c) file or cause to be filed the rebates and notices
15 required under Sections 55AA, 148(f), 149(e) and 6431 of the IRC, (d) file or cause to be
16 filed such additional notices and reports as are deemed necessary or desirable by such
17 Designated Officer in connection with the Series 2020 Bonds, and any prior notices are
18 hereby ratified, confirmed and approved.

19 Section 16. Additional Authorization. The Designated Officers and all
20 officers, agents and employees of the City, for and on behalf of the City, are hereby
21 authorized and directed to do any and all things necessary to effect the issuance of the
22 Series 2020 Bonds and the execution and delivery of the Third Supplemental Senior
23 Indenture, the Bond Purchase Agreement, the Escrow Agreement, the Continuing
24 Disclosure Certificate, the Preliminary Official Statement and the Official Statement and
25 to carry out the terms of the Master Senior Indenture, the Third Supplemental Senior
26 Indenture, the Bond Purchase Agreement, the Escrow Agreement, the Continuing
27 Disclosure Certificate, the Preliminary Official Statement and the Official Statement. All
28 such actions taken by such Designated Officers and such other persons, for and on

1 behalf of the City, pursuant to the authority of this Resolution, are hereby approved. The
2 Designated Officers and all other officers, agents and employees of the City are further
3 authorized and directed, for and on behalf of the City, to execute all papers, documents,
4 certificates and other instruments that may be required in order to carry out the authority
5 conferred by this Resolution, the Master Senior Indenture, the Third Supplemental Senior
6 Indenture, the Escrow Agreement, the Bond Purchase Agreement and the Continuing
7 Disclosure Certificate or to evidence said authority and its exercise. The foregoing
8 authorization includes, but is in no way limited to, the direction (from time to time) by one
9 or more Designated Officers of the investments in Permitted Investments (as defined in
10 the Master Senior Indenture) and Authorized Investments (as defined in the Master
11 Senior Indenture) of the proceeds of the Series 2020 Bonds and of the Net Revenues,
12 including the execution and delivery of investment agreements related thereto, the
13 execution by a Designated Officer and the delivery of tax compliance certificates as
14 required by the Master Senior Indenture and the Third Supplemental Senior Indenture,
15 for the purpose of complying with the rebate and arbitrage requirements of the IRC, any
16 documents required by The Depository Trust Company in connection with the Book-Entry
17 Bonds (as defined in the Third Supplemental Senior Indenture), any documents required
18 by the provider of a reserve fund surety bond, if any, required to fund one or more
19 reserve funds for the Series 2020 Bonds, and any documents required to obtain a
20 municipal bond insurance policy or policies for all or a portion of the Series 2020 Bonds
21 to the extent such bond insurance shall result in cost savings to the City.

22 Section 17. Costs of Issuance. The City authorizes funds on deposit in
23 the Airport Enterprise Fund, together with the proceeds of the Series 2020 Bonds, to be
24 used to pay costs of issuance of the Series 2020 Bonds, including, but not limited to,
25 costs and expenses of attorneys, consultants, accountants and municipal advisors,
26 underwriting fees, costs associated with rating agencies, the Senior Trustee, the bond
27 insurance and surety bonds, printing, publications and mailing expenses; and any related
28 filing fees thereof.

1 Section 18. Series Designations Subject to Change. Prior to the posting
2 and printing of the Preliminary Official Statement, if a Designated Officer determines it to
3 be in the best interest of the City not to issue any one or more series of the Series 2020
4 Bonds, such Designated Officer shall have the authority to reassign the series
5 designations of the Series 2020 Bonds.

6 Section 19. Severability of Invalid Provisions. If any one or more of the
7 provisions contained in this Resolution shall for any reason be held to be invalid, illegal or
8 unenforceable in any respect, then such provision or provisions shall be deemed
9 severable from the remaining provisions contained in this Resolution and such invalidity,
10 illegality or unenforceability shall not affect any other provision of this Resolution, and this
11 Resolution shall be construed as if such invalid or illegal or unenforceable provision had
12 never been contained herein. The City Council hereby declares that it would have
13 adopted this Resolution and each and every Section, paragraph, sentence, clause or
14 phrase hereof and authorized the issuance of the Series 2020 Bonds pursuant thereto
15 irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or
16 phrases of this Resolution may be held illegal, invalid or unenforceable.

17 Section 20. Section Headings and References; Interpretation. The
18 headings or titles of the several Sections hereof, and any table of contents appended to
19 copies hereof, shall be solely for convenience of reference and shall not affect the
20 meaning, construction or effect of this Resolution.

21 All references herein to "Sections" and other subdivisions are to the
22 corresponding Sections or subdivisions of this Resolution; the words "herein," "hereof,"
23 "hereby," "hereunder" and other words of similar import refer to this Resolution as a
24 whole and not to any particular Section or subdivision hereof; and words of the masculine
25 gender shall mean and include words of the feminine and neuter genders.

26 Section 21. Governing Law. This Resolution shall be construed and
27 governed in accordance with the laws of the State of California.

28 Section 22. This resolution shall take effect immediately upon its adoption

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by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk

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

THIRD SUPPLEMENTAL SENIOR TRUST INDENTURE

by and between

CITY OF LONG BEACH

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee

Relating to

 \$[PARA]
 City of Long Beach, California
 Senior Airport Revenue Refunding Bonds
 Series 2020A
 (Governmental/Non-AMT)

 \$[PARB]
 City of Long Beach, California
 Senior Airport Revenue Refunding Bonds
 Series 2020B
 (Private Activity/Non-AMT)

 \$[PARC]
 City of Long Beach, California
 Senior Airport Revenue Bonds
 Series 2020C
 (Private Activity/AMT)

Dated as of April 1, 2020

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THIRD SUPPLEMENTAL SENIOR TRUST INDENTURE

THIS THIRD SUPPLEMENTAL SENIOR TRUST INDENTURE (this “*Third Supplemental Senior Indenture*”), dated as of April 1, 2020, is made by and between the **CITY OF LONG BEACH**, a charter city and municipal corporation organized and existing under the Constitution of the State of California (the “*City*”) and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “*Trustee*”), and supplements the Master Senior Trust Indenture, dated as of December 1, 2009 (the “*Master Senior Indenture*”), by and between the City and the Trustee.

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

WHEREAS the City now, for the purpose of providing money to finance and refinance certain capital improvements to the Enterprise (as defined in the Master Senior Indenture) by execution and delivery of this Third Supplemental Senior Indenture and in compliance with the provisions of the Master Senior Indenture, sets forth the terms of its (a) City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “*Series 2020A Bonds*”), (b) City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “*Series 2020B Bonds*”), and (c) City of Long Beach, California Senior Airport Revenue Bonds, Series 2020C (Private Activity/AMT) (the “*Series 2020C Bonds*,” and collectively with the Series 2020A Bonds and the Series 2020B Bonds, the “*Series 2020 Bonds*”), provides for the deposit and use of the proceeds of the Series 2020 Bonds and makes other provisions relating to the Series 2020 Bonds; and

WHEREAS, the Series 2020 Bonds are being issued as Bonds as provided in Section 2.09 of the Master Senior Indenture; and

WHEREAS, the Bonds authorized and issued under the provisions of the Master Senior Indenture are secured as provided in the Granting Clause of the Master Senior Indenture; and

WHEREAS, the Granting Clause of the Master Senior Indenture pledges, assigns and grants a lien on and security interest in Net Revenues (as defined in the Master Senior Indenture), among other funds, assets, rights property and interests, to the Trustee for the equal and proportionate benefit and security of all Bonds; and

WHEREAS, pursuant to the Master Senior Indenture, Net Revenues include, for any given period, Revenues (as defined in the Master Senior Indenture) for such period, less the Maintenance and Operation Costs (as defined in the Master Senior Indenture) for such period; and

WHEREAS, Revenues exclude Passenger Facility Charges (as defined in the Master Senior Indenture), unless otherwise designated as “Revenues” under the terms of a Supplemental Senior Indenture; and

WHEREAS, the City previously irrevocably designated pursuant to the Second Supplemental Trust Indenture (as defined herein) a certain amount of Passenger Facility Charges as Revenues and therein set forth the terms and conditions for the use of such Passenger Facility Charges; and

WHEREAS, in order to reaffirm its previous action to designate Passenger Facility Charges as Revenues, the City wishes to again irrevocably designate a certain amount of Passenger Facility Charges as Revenues and to set forth the terms and conditions for the use of such Passenger Facility Charges; and

GRANTING CLAUSES

In order to secure the payment of the Series 2020 Bonds, the City hereby pledges, assigns and grants to the Trustee with respect to the Series 2020 Bonds all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere in, the Master Senior Indenture. To secure further the payment of the Series 2020 Bonds, the City in furtherance of the Senior Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the City, except as otherwise provided herein, in and to the Senior Reserve Fund (as defined in the Master Senior Indenture) and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Surety Policy (as defined in the Master Senior Indenture) provided at any time in satisfaction of all or a portion of the Reserve Requirement (as defined in the Master Senior Indenture), all rights, title and interest in such instruments and the proceeds thereof.

In order to further secure the payment of the Series 2020 Bonds, the City hereby pledges, assigns and grants to the Trustee all of the liens, rights, interests and privileges set forth in Article V hereof.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

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

“*Authorized Denominations*” means \$5,000 principal amount and integral multiples thereof.

“*Book-Entry Bonds*” means the Series 2020 Bonds held by DTC (or its nominee) as the Bondholder thereof pursuant to the terms and provisions of Section 2.05 hereof.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2020 Bonds.

“*Closing Date*” means April [28], 2020.

“*Continuing Disclosure Certificate*” shall mean the continuing disclosure certificate of the City, dated the date of issue of the Series 2020 Bonds, pursuant to which the City shall agree to undertake for the benefit of the Bondholders and the beneficial owners of the Series 2020 Bonds certain ongoing disclosure requirements.

“*Costs of Issuance*” means all costs and expenses incurred by the City in connection with the issuance of the Series 2020 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the preliminary and final official statements and the Series 2020 Bonds, underwriters’ compensation, and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

“*DTC*” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*Escrow Agreement*” means the Escrow Agreement, dated April [28], 2020, by and between the City and the Trustee, as trustee and escrow agent for the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds, and under which a portion of the proceed of the Series 2020A Bonds and the Series 2020B Bonds, along with other available moneys, are to be deposited and used to pay the principal and redemption price of and interest on the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds.

“*First Supplemental Senior Indenture*” means the First Supplemental Senior Trust Indenture, dated as of December 1, 2009, by and between the City and the Trustee.

“*Interest Payment Date*” means each June 1 and December 1, commencing June 1, 2020, the dates upon which interest on the Series 2020 Bonds becomes due and payable.

“*Master Senior Indenture*” means the Master Senior Trust Indenture, dated as of December 1, 2009, as amended from time to time, by and between the City and the Trustee, under which the Series 2020 Bonds are authorized and secured.

“*Participant*” or “*Participants*” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“*Paying Agent*” for purposes of this Third Supplemental Senior Indenture, means the Trustee, or any other institution appointed by the City.

“*PFCs*” or “*Passenger Facility Charges*” shall mean “Passenger Facility Charges” as defined in the Master Senior Indenture.

“*PFC Account*” means the Account of such designation established in the Enterprise Fund pursuant to Section 5.03 hereof and into which all Passenger Facility Charges upon receipt by the City shall be set aside and deposited.

“*PFC Act*” means the Aviation Safety and Capacity Expansion Act of 1990 Pub. L. 101-508, Title IX, Subtitle B, Sections 9110 and 9111, and the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. 106-181, all as amended from time to time, or any other applicable federal law.

“*PFC Approvals*” means a Final Agency Decision of the Federal Aviation Administration, made pursuant to the PFC Act and the PFC Regulations, relating to Passenger Facility Charges imposed by the City, as the same may be issued and amended from time to time.

“*PFC Debt Service Subaccount*” means the subaccount of such designation established in the PFC Account pursuant to Section 5.03 hereof and into which Passenger Facility Charges shall be set aside and deposited as provided in Section 5.03 hereof.

“*PFC Eligible Portion*” means the allocable portion of each Bond the proceeds of which are to be used to finance or refinance PFC Projects, fund an allocable portion of the Senior Reserve Fund (or a Senior Debt Service Reserve Fund), if any, with respect thereto, and pay an allocable portion of the costs of issuance of such Bonds, if any. A portion of the proceeds of the Series 2020A Bonds, a portion of the proceeds of the Series 2020B Bonds [and a portion of the proceeds of the Series 2020C Bonds] shall be used to finance and refinance PFC Projects, fund a portion of the Senior Reserve Fund with respect thereto, and pay a portion of the Costs of Issuance with respect thereto.

“*PFC Interest Requirement*” means the amount of interest coming due on the next Payment Date with respect to the PFC Eligible Portion of the Bonds, net of any amounts deposited in the PFC Debt Service Subaccount or any Senior Debt Service Fund which are available to pay interest on the PFC Eligible Portion of the Bonds.

“*PFC Principal Requirement*” means the amount of principal coming due on the next Payment Date with respect to the PFC Eligible Portion of the Bonds, net of any amounts deposited in the PFC Debt Service Subaccount or any Senior Debt Service Fund which are available to pay the principal of the PFC Eligible Portion of the Bonds.

“*PFC Projects*” means those projects for which the imposition and use of Passenger Facility Charges have been approved [or are expected to be approved] by one or more PFC Approvals. A portion of the Series 2020A Projects, a portion of the Series 2020B Projects [and a portion of the Series 2020C Projects] constitute PFC Projects.

“*PFC Project Subaccount*” means the subaccount of such designation established in the PFC Account pursuant to Section 5.03 hereof and into which Passenger Facility Charges shall be set aside and deposited as provided in Section 5.03 hereof.

“*PFC Regulations*” means Part 158 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), as amended from time to time.

“*PFC Revenues*” means the Passenger Facility Charges that have been irrevocably designated as Revenues by the City pursuant to Section 5.01 hereof or any other Supplemental Senior Indenture.

“*Record Date*” means for a June 1 Interest Payment Date the preceding May 15 and for a December 1 Interest Payment Date the preceding November 15.

“*Refunded Bonds*” means, collectively, the Refunded Series 2009A Bonds, the Refunded Series 2009B Bonds, the Refunded Series 2010A Bonds, and the Refunded Series 2010B Bonds.

“*Refunded Series 2009A Bonds*” means the Series 2009A Bonds to be current refunded and defeased with a portion of the proceeds of the Series 2020A Bonds, as set forth in Exhibit B attached hereto.

“*Refunded Series 2009C Bonds*” means the Series 2009C Bonds to be current refunded and defeased with a portion of the proceeds of the Series 2020A Bonds, as set forth in Exhibit B attached hereto.

“*Refunded Series 2010A Bonds*” means the Series 2010A Bonds to be current refunded and defeased with a portion of the proceeds of the Series 2020B Bonds, as set forth in Exhibit B attached hereto.

“*Refunded Series 2010B Bonds*” means the Series 2010B Bonds to be current refunded and defeased with a portion of the proceeds of the Series 2020A Bonds, as set forth in Exhibit B attached hereto.

“*Registrar*” for purposes of this Third Supplemental Senior Indenture, means the Trustee.

“*Representation Letter*” means the Blanket Issuer Letter of Representations dated September 27, 1995 from the City to DTC.

“*Second Supplemental Senior Indenture*” means the Second Supplemental Senior Trust Indenture, dated as of November 1, 2010, by and between the City and the Trustee.

“*Series 2009A Bonds*” means \$9,795,000 original aggregate principal amount of Bonds issued under the Master Senior Indenture and the First Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Bonds Series 2009A.”

“*Series 2009A Redemption Account*” means the Redemption Account of the Series 2009A Senior Debt Service Fund established and maintained by the Trustee under the terms of the First Supplemental Senior Indenture.

“*Series 2009A Senior Debt Service Fund*” means the “City of Long Beach, California Senior Airport Revenue Bonds Series 2009A Senior Debt Service Fund” created in Section 4.01 of the First Supplemental Senior Indenture.

“*Series 2009C Bonds*” means \$44,890,000 original aggregate principal amount of Bonds issued under the Master Senior Indenture and the First Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Bonds Series 2009C.”

“*Series 2009C Redemption Account*” means the Redemption Account of the Series 2009C Senior Debt Service Fund established and maintained by the Trustee under the terms of the First Supplemental Senior Indenture.

“*Series 2009C Senior Debt Service Fund*” means the “City of Long Beach, California Senior Airport Revenue Bonds Series 2009C Senior Debt Service Fund” created in Section 4.01 of the First Supplemental Senior Indenture.

“*Series 2010A Bonds*” means \$48,435,000 original aggregate principal amount of Bonds issued under the Master Senior Indenture and the Second Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Bonds Series 2010A.”

“*Series 2010A Escrow Fund*” means the “City of Long Beach, California Senior Airport Revenue Bonds, Series 2010A Escrow Fund” established and maintained by the Trustee, as trustee and escrow agent, under the terms of the Escrow Agreement and held for the purpose of paying the principal and redemption price of and interest on the Refunded Series 2010A Bonds.

“*Series 2010B Bonds*” means \$12,965,000 original aggregate principal amount of Bonds issued under the Master Senior Indenture and the Second Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Bonds Series 2010B.”

“*Series 2010B Escrow Fund*” means the “City of Long Beach, California Senior Airport Revenue Bonds, Series 2010B Escrow Fund” established and maintained by the Trustee, as trustee and escrow agent, under the terms of the Escrow Agreement and held for the purpose of paying the principal and redemption price of and interest on the Refunded Series 2010B Bonds.

“*Series 2020A Bonds*” means \$[PARA] aggregate principal amount of Bonds issued under the Master Senior Indenture and this Third Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020A (Governmental/Non-AMT).”

“*Series 2020A Costs of Issuance Account*” means the Account of such designation established in the Series 2020 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2020A Bonds.

“*Series 2020A Projects*” means, collectively, any or all of those capital expenditures which are to be refinanced with a portion of the proceeds of the Series 2020A Bonds.

“*Series 2020A Senior Debt Service Fund*” means the Senior Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2020A Bonds.

“*Series 2020B Bonds*” means \$[PARB] aggregate principal amount of Bonds issued under the Master Senior Indenture and this Third Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020B (Private Activity/Non-AMT).”

“*Series 2020B Costs of Issuance Account*” means the Account of such designation established in the Series 2020 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2020B Bonds.

“*Series 2020B Projects*” means, collectively, any or all of those capital expenditures which are to be refinanced with a portion of the proceeds of the Series 2020B Bonds.

“*Series 2020B Senior Debt Service Fund*” means the Senior Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2020B Bonds.

“*Series 2020C Bonds*” means \$[PARC] aggregate principal amount of Bonds issued under the Master Senior Indenture and this Third Supplemental Senior Indenture and designated as “City of Long Beach, California Senior Airport Revenue Bonds Series 2020C (Private Activity/AMT).”

“*Series 2020C Construction Fund*” means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2020C Projects.

“*Series 2020C Costs of Issuance Account*” means the Account of such designation established in the Series 2020 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2020C Bonds.

“*Series 2020C Projects*” means, collectively, any or all of those capital expenditures listed in Exhibit C attached hereto which are to be financed from amounts deposited into the Series 2020C Construction Fund.

“*Series 2020C Senior Debt Service Fund*” means the Senior Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2020C Bonds.

“*Series 2020 Bonds*” means, collectively, the Series 2020A Bonds, the Series 2020B Bonds and the Series 2020C Bonds.

“*Series 2020 Costs of Issuance Fund*” means the Fund of such designation established pursuant to Section 4.01 hereof and into which moneys are to be deposited to pay Costs of Issuance of the Series 2020 Bonds.

“*Series 2020 Rebate Fund*” means the Fund of such designation established pursuant to Section 4.01 hereof.

“*Series 2020 Reserve Account*” means the Account of such designation established in the Senior Reserve Fund pursuant to Section 4.01 hereof.

“*Tax Certificate*” means the Tax Compliance Certificate, dated the date of issuance of the Series 2020 Bonds, as amended from time to time, entered into by the City and executed with respect to the Series 2020 Bonds.

“*Third Supplemental Senior Indenture*” means this Third Supplemental Senior Trust Indenture, dated as of April 1, 2020, by and between the City and the Trustee and which sets forth the terms of the Series 2020 Bonds.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., and any successor thereto.

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

ARTICLE II

THE SERIES 2020 BONDS

Section 2.01. Designation of the Series 2020 Bonds; Principal Amount. The Bonds authorized to be issued under the Master Senior Indenture and this Third Supplemental Senior Indenture shall be designated as (a) “City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020A (Governmental/Non-AMT)”, which shall be issued in the original aggregate principal amount of \$[PARA], (b) “City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020B (Private Activity/Non-AMT)”, which shall be issued in the original aggregate principal amount of \$[PARB], and (c) “City of Long Beach, California Senior Airport Revenue Bonds Series 2020C (Private Activity/AMT)”, which shall be issued in the original aggregate principal amount of \$[PARC].

The Series 2020A Bonds, the Series 2020B Bonds and the Series 2020C Bonds shall be issued as Bonds pursuant to the provisions of the Master Senior Indenture.

Section 2.02. Series 2020 Bonds Under the Senior Indenture; Security. The Series 2020 Bonds are issued under and subject to the terms of the Master Senior Indenture and this Third Supplemental Senior Indenture and are secured by and payable from the Net Revenues (including PFC Revenues) and other security provided in the Granting Clause of the Master Senior Indenture and in accordance with the terms of the Master Senior Indenture and this Third Supplemental Senior Indenture.

To secure further the payment of the Series 2020 Bonds, the City, in furtherance of the Master Senior Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the City, except as otherwise provided herein, in and to the Senior Reserve Fund and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Reserve Requirement, all rights, title and interest in such instruments and the proceeds thereof.

Section 2.03. General Terms of the Series 2020 Bonds. The Series 2020 Bonds shall, upon initial issuance, be dated their date of delivery April [28], 2020. Each Series 2020 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2020 Bond shall bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2020 Bond shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to May 15, 2020, in which event such Series 2020 Bond shall bear interest from April [28], 2020. If interest on the Series 2020 Bonds shall be in default, Series 2020 Bonds issued in exchange for Series 2020 Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2020

Bonds surrendered. The Series 2020 Bonds shall be issued in denominations of \$5,000 original principal amount or integral multiples thereof.

Interest on the Series 2020 Bonds shall be paid on [June] 1, 2020 and semiannually thereafter on June 1 and December 1.

Interest on the Series 2020 Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months.

At least fifteen (15) Business Days prior to each date on which principal of or interest on any Series 2020 Bond shall be due and payable, the Trustee shall notify the City of such payment, the date such payment is due and the amount of such payment. Such notice shall be given by telephone or facsimile transmission and promptly confirmed in writing.

The Series 2020A Bonds shall be issued in the original aggregate principal amount of \$[PARA] and shall mature in the years and in the amounts and bear interest at the annual rates set forth in the following schedule:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Series 2020B Bonds shall be issued in the original aggregate principal amount of \$[PARB] and shall mature in the years and in the amounts and bear interest at the annual rates set forth in the following schedule:

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Series 2020C Bonds shall be issued in the original aggregate principal amount of \$[PARC] and shall mature in the years and in the amounts and bear interest at the annual rates set forth in the following schedule:

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Payment of the principal of the Series 2020 Bonds shall be made upon surrender of the Series 2020 Bonds to the Trustee or its agent; provided that with respect to the Series 2020 Bonds

which are Book-Entry Bonds, the payment of the principal shall be made as provided in Section 2.05 hereof and the Representation Letter. Payment of interest on Series 2020 Bonds which are not Book-Entry Bonds shall be paid by check or draft of the Trustee mailed on the Interest Payment Date by first-class mail to the person who is the Bondholder thereof on the Record Date, and such payment shall be mailed to such Bondholder at his address as it appears on the registration books of the Registrar. The payment of interest on Book-Entry Bonds shall be made as provided in Section 2.05 hereof and the Representation Letter. The Series 2020 Bonds shall be substantially in the form of Exhibit A attached hereto.

If the principal of a Series 2020 Bond becomes due and payable, but shall not have been paid as a result of a default hereunder, and no provision is made for its payment, then such Series 2020 Bond shall bear interest at the same rate after such default as on the day before the default occurred.

Principal and interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money.

Section 2.04. Exchange of Series 2020 Bonds. Series 2020 Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of the same Series of such Series 2020 Bonds of the same interest rate and maturity date. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

The Registrar will not, however, be required to transfer or exchange any such Series 2020 Bond during the period established by the Registrar for selection of Series 2020 Bonds for redemption or any Series 2020 Bond which has been selected for redemption.

Section 2.05. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section, the Bondholder of all of the Series 2020 Bonds shall be DTC and the Series 2020 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and redemption price of and interest on any Series 2020 Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Series 2020 Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series 2020 Bond. Upon initial issuance, the ownership of such Series 2020 Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2020 Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Series 2020 Bonds, selecting the Series 2020 Bonds or portions thereof to be redeemed, giving

any notice permitted or required to be given to Bondholders under the Master Senior Indenture or this Third Supplemental Senior Indenture, registering the transfer of Series 2020 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the City shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2020 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and redemption price of or interest on the Series 2020 Bonds; any notice which is permitted or required to be given to Bondholders under the Master Senior Indenture or this Third Supplemental Senior Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2020 Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. The Trustee shall pay all principal and redemption price of and interest on the Series 2020 Bonds only to or “upon the order of” DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal and redemption price of and interest on the Series 2020 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2020 Bond evidencing the obligation of the City to make payments of principal, redemption price and interest pursuant to the Master Senior Indenture and this Third Supplemental Senior Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word “Cede & Co.” in this Third Supplemental Senior Indenture shall refer to such new nominee of DTC.

(c) In the event the City determines that it is in the best interest of the beneficial owners that they be able to obtain Series 2020 Bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Series 2020 Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Series 2020 Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2020 Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City and the Trustee shall be obligated to deliver Series 2020 Bond certificates as described in this Third Supplemental Senior Indenture. In the event Series 2020 Bond certificates are issued, the provisions of the Master Senior Indenture and this Third Supplemental Senior Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and redemption price of and interest on such certificates. Whenever DTC requests the City and the Trustee to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2020 Bonds to any Participant having

Series 2020 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2020 Bonds.

(d) Notwithstanding any other provision of the Master Senior Indenture and this Third Supplemental Senior Indenture to the contrary, so long as any Series 2020 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and redemption price of and interest on such Series 2020 Bond and all notices with respect to such Series 2020 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Master Senior Indenture and this Third Supplemental Senior Indenture by the City or the Trustee with respect to any consent or other action to be taken by Bondholders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2020 BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OF THE SERIES 2020 BONDS.

ARTICLE III

REDEMPTION OF SERIES 2020 BONDS

Section 3.01. Notices to Bondholders. If the City wishes that any Series 2020 Bonds be redeemed pursuant to any optional redemption provision in this Third Supplemental Senior Indenture, the City will notify the Trustee of the applicable provision, the redemption date, the Series, the maturity date, the interest rate, the CUSIP number and the principal amount of Series 2020 Bonds to be redeemed and other necessary particulars. The City will give notice to the Trustee at least thirty-five (35) days before the redemption date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption, in the name of the City, to Bondholders affected by redemption at least thirty (30) days but not more than sixty (60) days before each redemption date, send such notice of redemption by first-class mail (or with respect to Series 2020 Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each Bondholder of a Series 2020 Bond to be redeemed. Each such notice shall be sent to the Bondholder's registered address.

Each notice of redemption shall specify the Series, the maturity date, the interest rate and the CUSIP number of each Series 2020 Bond to be redeemed, the date of issue, if less than all Series 2020 Bonds of a maturity and interest rate are called for redemption the numbers of the

Series 2020 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment will be made upon presentation and surrender of the Series 2020 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The City may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2020 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one (1) Business Day prior to the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be cancelled and on such cancellation date notice shall be mailed to the Bondholders of such Series 2020 Bonds to be redeemed in the manner provided in this Section.

Failure to give any required notice of redemption as to any particular Series 2020 Bonds will not affect the validity of the call for redemption of any Series 2020 Bonds in respect of which no failure occurs. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2020 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the Series 2020 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

If any Series 2020 Bonds, at the time of redemption, are not Book-Entry Bonds, then at the time of mailing required by the first paragraph of this Section, such redemption notice shall be given by (i) registered or certified mail, postage prepaid; (ii) telephonically confirmed facsimile transmission; or (iii) overnight delivery service, to:

The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099
Attention: Call Notification
Facsimile: (212) 855-7233

Failure to give the notice described in the immediately preceding paragraph or any defect therein shall not in any manner affect the redemption of any Series 2020 Bond.

Section 3.02. Redemption Dates. The date fixed for redemption for Series 2020 Bonds to be optionally redeemed in accordance with Sections 3.03 hereof will be a date permitted by the City in the notice delivered pursuant to Section 3.01 hereof.

Section 3.03. Optional Redemption of Series 2020 Bonds.

(a) The Series 2020A Bonds maturing on or before June 1, 20[___] are not subject to optional redemption prior to maturity. The Series 2020A Bonds maturing on or after June 1, 20[___] are redeemable at the option of the City on or after June 1, 20[___],

in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) The Series 2020B Bonds maturing on or before June 1, 20[___] are not subject to optional redemption prior to maturity. The Series 2020B Bonds maturing on or after June 1, 20[___] are redeemable at the option of the City on or after June 1, 20[___], in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(c) The Series 2020C Bonds maturing on or before June 1, 20[___] are not subject to optional redemption prior to maturity. The Series 2020C Bonds maturing on or after June 1, 20[___] are redeemable at the option of the City on or after June 1, 20[___], in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020C Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Section 3.04. Selection of Series 2020 Bonds for Redemption; Series 2020 Bonds Redeemed in Part. The Series 2020 Bonds are subject to redemption in such order of maturity and interest rate as the City may direct and by lot, selected in such manner as the Trustee (or DTC, as long as DTC is the securities depository for the Series 2020 Bonds) shall deem appropriate, within a maturity and interest rate.

Upon surrender of a Series 2020 Bond to be redeemed, in part only, the Trustee will authenticate for the Bondholder a new Series 2020 Bond or Series 2020 Bonds of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2020 Bond surrendered.

Section 3.05. Payment of Series 2020 Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, the Series 2020 Bonds called for redemption shall be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the date fixed for redemption.

Section 3.06. Effect of Redemption Call. On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and sufficient moneys for payment of the redemption price being held in trust by the Trustee to pay the redemption price, interest on such Series 2020 Bonds shall cease to accrue from and after such redemption date, such Series 2020 Bonds shall cease to be entitled to any lien, benefit or security under the Master Senior Indenture and this Third Supplemental Senior Indenture and the Bondholders of such Series 2020 Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2020 Bonds which have been duly called for redemption under the provisions of this Article III and for the payment of the redemption price of which moneys shall be held in trust for the Bondholders of the Series 2020 Bonds to be redeemed, all as provided in this Third Supplemental Senior Indenture, shall not be deemed to be Outstanding under the provisions of the Master Senior Indenture and this Third Supplemental Senior Indenture.

ARTICLE IV

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts. The following Funds and Accounts are hereby established:

(a) City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020A Senior Debt Service Fund (the “*Series 2020A Senior Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(b) City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020B Senior Debt Service Fund (the “*Series 2020B Senior Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(c) City of Long Beach, California Senior Airport Revenue Bonds Series 2020C Construction Fund (the “*Series 2020C Construction Fund*”), to be held by the Trustee;

(d) City of Long Beach, California Senior Airport Revenue Bonds Series 2020C Senior Debt Service Fund (the “*Series 2020C Senior Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(e) City of Long Beach, California Senior Airport Revenue and Revenue Refunding Bonds Series 2020 Costs of Issuance Fund (the “*Series 2020 Costs of Issuance Fund*”) and therein (i) a City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020A Costs of Issuance Account (the “*Series 2020A Costs of Issuance Account*”), (ii) a City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020B Costs of Issuance Account (the “*Series 2020B Costs of Issuance Account*”), and (iii) a City of Long Beach, California Senior Airport Revenue Bonds Series 2020C Costs of Issuance Account (the “*Series 2020C Costs of Issuance Account*”), to be held by the Trustee;

(f) City of Long Beach, California Senior Airport Revenue and Revenue Refunding Bonds Series 2020 Reserve Account (the “*Series 2020 Reserve Account*”) to be established in the Senior Reserve Fund and held by the Trustee; and

(g) City of Long Beach, California Senior Airport Revenue and Revenue Refunding Bonds Series 2020 Rebate Fund (the “*Series 2020 Rebate Fund*”), to be held by the Trustee.

Section 4.02. Application of Series 2020A Bond Proceeds. The net proceeds of the sale of the Series 2020A Bonds, being the amount of \$[] (which sum represents the par amount of the Series 2020A Bonds of \$[PARA].00, plus an original issue premium in the amount of \$[] and less an underwriters’ discount in the amount of \$[]) received by the Trustee shall be deposited by the Trustee as follows:

(a) \$[] shall be deposited into the Series 2009A Redemption Account for the purpose of current refunding the Refunded Series 2009A Bonds;

(b) \$[] shall be deposited into the Series 2009C Redemption Account for the purpose of current refunding the Refunded Series 2009C Bonds;

(c) \$[] shall be deposited into the Series 2010B Escrow Fund for the purpose of current refunding the Refunded Series 2010B Bonds;

(d) \$[] shall be deposited into the Series 2020A Costs of Issuance Account; and

(e) \$[] shall be deposited into the Series 2020 Reserve Account of the Senior Reserve Fund.

Section 4.03. Application of Series 2020B Bond Proceeds. The net proceeds of the sale of the Series 2020B Bonds, being the amount of \$[] (which sum represents the par amount of the Series 2020B Bonds of \$[PARB].00, less a net original issue discount in the amount of \$[] and less an underwriters’ discount in the amount of \$[]) received by the Trustee shall be deposited or paid by the Trustee as follows:

(a) \$[] shall be deposited into the Series 2010A Escrow Fund for the purpose of current refunding the Refunded Series 2010A Bonds;

(b) \$[] shall be deposited into the Series 2020B Costs of Issuance Account; and

(c) \$[] shall be deposited into the Series 2020 Reserve Account of the Senior Reserve Fund.

Section 4.04. Application of Series 2020C Bond Proceeds. The net proceeds of the sale of the Series 2020C Bonds, being the amount of \$[] (which sum represents the par amount of the Series 2020C Bonds of \$[PARC].00, plus an original issue premium in the amount of \$[] and less an underwriters’ discount in the amount of \$[]) received by the Trustee shall be deposited or paid by the Trustee as follows:

(a) \$[] shall be deposited in the Series 2020C Construction Fund to be used to pay the Costs of the Series 2020C Projects;

(b) \$[_____] shall be deposited into the Series 2020C Costs of Issuance Account; and

(c) \$[_____] shall be deposited into the Series 2020 Reserve Account of the Senior Reserve Fund.

Section 4.05. Application of Other Moneys.

(a) On the Closing Date, the Trustee shall transfer \$[_____] from the Interest Account of the Series 2009A Senior Debt Service Fund (established and maintained by the Trustee pursuant to the First Supplemental Senior Indenture) to the Series 2009A Redemption Account for the purpose of paying a portion of the accrued interest on the Refunded Series 2009A Bonds.

(b) On the Closing Date, the Trustee shall transfer \$[_____] from the Principal Account of the Series 2009A Senior Debt Service Fund (established and maintained by the Trustee pursuant to the First Supplemental Senior Indenture) to the Series 2009A Redemption Account for the purpose of paying a portion of the principal of the Refunded Series 2009A Bonds.

(c) On the Closing Date, the Trustee shall transfer \$[_____] from the Interest Account of the Series 2009C Senior Debt Service Fund (established and maintained by the Trustee pursuant to the First Supplemental Senior Indenture) to the Series 2009C Redemption Account for the purpose of paying a portion of the accrued interest on the Refunded Series 2009C Bonds.

(d) On the Closing Date, the Trustee shall transfer \$[_____] from the Principal Account of the Series 2009C Senior Debt Service Fund (established and maintained by the Trustee pursuant to the First Supplemental Senior Indenture) to the Series 2009C Redemption Account for the purpose of paying a portion of the principal of the Refunded Series 2009C Bonds.

(e) On the Closing Date, the Trustee shall transfer all investments and cash on deposit in the Series 2009A/B Reserve Account (established and maintained by the Trustee pursuant to the First Supplemental Senior Indenture) to the Series 2020 Reserve Account.

(f) On the Closing Date, the Trustee shall transfer all investments and cash on deposit in the Series 2009C Reserve Account (established and maintained by the Trustee pursuant to the First Supplemental Senior Indenture) to the Series 2020 Reserve Account.

(g) On the Closing Date, the Trustee shall transfer \$[_____] from the Interest Account of the Series 2010A Senior Debt Service Fund (established and maintained by the Trustee pursuant to the Second Supplemental Senior Indenture) to the Series 2010A Escrow Fund for the purpose of paying a portion of the accrued interest on the Refunded Series 2010A Bonds.

(h) On the Closing Date, the Trustee shall transfer \$[_____] from the Principal Account of the Series 2010A Senior Debt Service Fund (established and maintained by the Trustee pursuant to the Second Supplemental Senior Indenture) to the Series 2010A Escrow Fund for the purpose of paying a portion of the principal of the Refunded Series 2010A Bonds.

(i) On the Closing Date, the Trustee shall transfer \$[_____] from the Interest Account of the Series 2010B Senior Debt Service Fund (established and maintained by the Trustee pursuant to the Second Supplemental Senior Indenture) to the Series 2010B Escrow Fund for the purpose of paying a portion of the accrued interest on the Refunded Series 2010B Bonds.

(j) On the Closing Date, the Trustee shall transfer \$[_____] from the Principal Account of the Series 2010B Senior Debt Service Fund (established and maintained by the Trustee pursuant to the Second Supplemental Senior Indenture) to the Series 2010B Escrow Fund for the purpose of paying a portion of the principal of the Refunded Series 2010B Bonds.

(k) On the Closing Date, the Trustee shall transfer all investments and cash on deposit in the Series 2010 Reserve Account (established and maintained by the Trustee pursuant to the Second Supplemental Senior Indenture) to the Series 2020 Reserve Account.

The Trustee may, in its discretion, establish temporary funds and accounts on its books and records to facilitate such transfers described in this Section

Section 4.06. Series 2020A Senior Debt Service Fund. The Trustee shall make deposits into the Series 2020A Senior Debt Service Fund as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account the amounts received from the City, as provided in the Master Senior Indenture, and the Passenger Facility Charges received from the City, as provided in Section 5.03 hereof, to be used to pay interest on the Series 2020A Bonds. When transferring amounts to the Trustee for deposit into the Interest Account, the City shall designate such amounts as either Passenger Facility Charges or other amounts (such amounts not representing Passenger Facility Charges). The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2020A Bonds in accordance with their terms and amounts due or accrued with respect to all or any of the Series 2020A Bonds.

Earnings on Passenger Facility Charges in the Interest Account shall be withdrawn and paid to the City on the Business Day following an Interest Payment Date for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

Earnings on amounts (other than earnings on Passenger Facility Charges) in the Interest Account shall be withdrawn and paid to the City on the Business Day following an Interest Payment Date for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account the amounts received from the City, as provided in the Master Senior Indenture, and the Passenger Facility Charges received from the City, as provided in Section 5.03 hereof, to be used to pay the principal of the Series 2020A Bonds at maturity. When transferring amounts to the Trustee for deposit into the Principal Account, the City shall designate such amounts as either Passenger Facility Charges or other amounts (such amounts not representing Passenger Facility Charges). The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2020A Bonds on the applicable Payment Dates. On or about June 15 of each Fiscal Year, earnings on amounts (other than Passenger Facility Charges) in the Principal Account shall be withdrawn by the Trustee and paid to the City for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account. On or about June 15 of each Fiscal Year, earnings on Passenger Facility Charges in the Principal Account shall be withdrawn by the Trustee and paid to the City for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account amounts received from the City as provided in the Master Senior Indenture to be used to pay the redemption price of Series 2020A Bonds being redeemed as provided in Section 3.03 hereof. The Trustee shall also deposit into the Redemption Account any other amounts (including, but not limited to, Passenger Facility Charges) deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2020A Bonds being redeemed as provided in Section 3.03 hereof. Earnings on amounts (other than Passenger Facility Charges) in the Redemption Account shall be withdrawn and paid to the City on the Business Day following a redemption date for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account. Earnings on Passenger Facility Charges in the Redemption Account shall be withdrawn and paid to the City on the Business Day following a redemption date for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

The Series 2020A Senior Debt Service Fund shall be invested and reinvested as directed by an Authorized City Representative in Permitted Investments.

The Trustee may, in its discretion, establish temporary funds and accounts on its books and records to facilitate such transfers described in this Section.

Section 4.07. Series 2020B Senior Debt Service Fund. The Trustee shall make deposits into the Series 2020B Senior Debt Service Fund as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account the amounts received from the City, as provided in the Master Senior Indenture, and the Passenger Facility Charges received from the City, as provided in Section 5.03 hereof, to be used to pay interest on the Series 2020B Bonds. When transferring amounts to the Trustee for deposit into the Interest Account, the City shall designate such amounts as either Passenger Facility Charges or other amounts (such amounts not representing Passenger Facility Charges). The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2020B Bonds in accordance with their terms and amounts due or accrued with respect to all or any of the Series 2020B Bonds.

Earnings on Passenger Facility Charges in the Interest Account shall be withdrawn and paid to the City on the Business Day following an Interest Payment Date for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

Earnings on amounts (other than earnings on Passenger Facility Charges) in the Interest Account shall be withdrawn and paid to the City on the Business Day following an Interest Payment Date for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account the amounts received from the City, as provided in the Master Senior Indenture, and the Passenger Facility Charges received from the City, as provided in Section 5.03 hereof, to be used to pay the principal of the Series 2020B Bonds at maturity. When transferring amounts to the Trustee for deposit into the Principal Account, the City shall designate such amounts as either Passenger Facility Charges or other amounts (such amounts not representing Passenger Facility Charges). The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2020B Bonds on the applicable Payment Dates. On or about June 15 of each Fiscal Year, earnings on amounts (other than Passenger Facility Charges) in the Principal Account shall be withdrawn by the Trustee and paid to the City for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account. On or about June 15 of each Fiscal Year, earnings on Passenger Facility Charges in the Principal Account shall be withdrawn by the Trustee and paid to the City for deposit into the PFC Account unless an Event of Default

exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account amounts received from the City as provided in the Master Senior Indenture to be used to pay the redemption price of Series 2010B Bonds being redeemed as provided in Section 3.03 hereof. The Trustee shall also deposit into the Redemption Account any other amounts (including, but not limited to, Passenger Facility Charges) deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2020B Bonds being redeemed as provided in Section 3.03 hereof. Earnings on amounts (other than Passenger Facility Charges) in the Redemption Account shall be withdrawn and paid to the City on the Business Day following a redemption date for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account. Earnings on Passenger Facility Charges in the Redemption Account shall be withdrawn and paid to the City on the Business Day following a redemption date for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

The Series 2020B Senior Debt Service Fund shall be invested and reinvested as directed by an Authorized City Representative in Permitted Investments.

The Trustee may, in its discretion, establish temporary funds and accounts on its books and records to facilitate such transfers described in this Section.

Section 4.08. Series 2020C Construction Fund.

(a) There shall be deposited into the Series 2020C Construction Fund the amounts as provided for in Section 4.04(a) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2020C Construction Fund upon receipt from the City of a written requisition, in substantially the form attached as Exhibit D-1 hereto, executed by an Authorized City Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2020C Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, (iv) that the amount to be paid represents a Cost of the Series 2020C Projects as described in Exhibit C hereto, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2020C Construction Fund shall be invested and reinvested as directed by the City in Permitted Investments. Earnings on the Series 2020C Construction Fund shall be retained in the Series 2020C Construction Fund.

(d) The completion of the Series 2020C Projects shall be evidenced by the filing with the Trustee of a certificate of an Authorized City Representative stating either (i) the date of completion of the Series 2020C Projects and the amount, if any, required in the opinion of such Authorized City Representative for the payment of any remaining part of the Costs of the Series 2020C Projects or (ii) that all amounts in the Series 2020C Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2020C Construction Fund following the delivery of such certificate, or upon the determination of the City not to proceed with the Series 2020C Projects, may, at the determination of the City, be applied upon written requisition of an Authorized City Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Charter. As a condition to the disbursement of funds to the City under this Section, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Charter and that such use shall not result in the inclusion of interest on any Series 2020C Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.09. Series 2020C Senior Debt Service Fund. The Trustee shall make deposits into the Series 2020C Senior Debt Service Fund as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account the amounts received from the City, as provided in the Master Senior Indenture, and the Passenger Facility Charges received from the City, as provided in Section 5.03 hereof, to be used to pay interest on the Series 2020C Bonds. When transferring amounts to the Trustee for deposit into the Interest Account, the City shall designate such amounts as either Passenger Facility Charges or other amounts (such amounts not representing Passenger Facility Charges). The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2020C Bonds in accordance with their terms and amounts due or accrued with respect to all or any of the Series 2020C Bonds.

Earnings on Passenger Facility Charges in the Interest Account shall be withdrawn and paid to the City on the Business Day following an Interest Payment Date for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

Earnings on amounts (other than earnings on Passenger Facility Charges) in the Interest Account shall be withdrawn and paid to the City on the Business Day following an Interest Payment Date for deposit into the Enterprise Fund unless an Event of Default exists

under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account the amounts received from the City, as provided in the Master Senior Indenture, and the Passenger Facility Charges received from the City, as provided in Section 5.03 hereof, to be used to pay the principal of the Series 2020C Bonds at maturity. When transferring amounts to the Trustee for deposit into the Principal Account, the City shall designate such amounts as either Passenger Facility Charges or other amounts (such amounts not representing Passenger Facility Charges). The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2020C Bonds on the applicable Payment Dates. On or about June 15 of each Fiscal Year, earnings on amounts (other than Passenger Facility Charges) in the Principal Account shall be withdrawn by the Trustee and paid to the City for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account. On or about June 15 of each Fiscal Year, earnings on Passenger Facility Charges in the Principal Account shall be withdrawn by the Trustee and paid to the City for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account amounts received from the City as provided in the Master Senior Indenture to be used to pay the redemption price of Series 2020C Bonds being redeemed as provided in Section 3.03 hereof. The Trustee shall also deposit into the Redemption Account any other amounts (including, but not limited to, Passenger Facility Charges) deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2020C Bonds being redeemed as provided in Section 3.03 hereof. Earnings on amounts (other than Passenger Facility Charges) in the Redemption Account shall be withdrawn and paid to the City on the Business Day following a redemption date for deposit into the Enterprise Fund unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account. Earnings on Passenger Facility Charges in the Redemption Account shall be withdrawn and paid to the City on the Business Day following a redemption date for deposit into the PFC Account unless an Event of Default exists under the Master Senior Indenture, in which event the earnings shall be retained in such Account.

The Series 2020C Senior Debt Service Fund shall be invested and reinvested as directed by an Authorized City Representative in Permitted Investments.

The Trustee may, in its discretion, establish temporary funds and accounts on its books and records to facilitate such transfers described in this Section.

Section 4.10. Series 2020 Costs of Issuance Fund.

(a) There shall, be deposited into the Series 2020 Costs of Issuance Fund the amounts as provided in Section 4.02(d), Section 4.03(b) and Section 4.04(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2020 Costs of Issuance Fund upon receipt from the City of a written requisition in substantially the form attached as Exhibit D-2 hereto, executed by an Authorized City Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the applicable Series Account of the Series 2020 Costs of Issuance Fund, (ii) the number of the requisition, (iii) the amount to be paid, the name of the entity, if other than the City, to which the payment is to be made and the manner in which the payment is to be made and (iv) describe the Costs of Issuance represented by such payment. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2020 Costs of Issuance Fund shall be invested and reinvested as directed by an Authorized City Representative in Permitted Investments.

(d) Earnings on the Series 2020A Costs of Issuance Account shall be deposited into the Interest Account of the Series 2020A Debt Service Fund. Any amounts remaining in the Series 2020A Costs of Issuance Fund on [December 1], 2020 shall be transferred to the Interest Account of the Series 2020A Debt Service Fund and the Series 2020A Costs of Issuance Account shall be closed.

(e) Earnings on the Series 2020B Costs of Issuance Account shall be deposited into the Interest Account of the Series 2020B Debt Service Fund. Any amounts remaining in the Series 2020B Costs of Issuance Fund on [December 1], 2020 shall be transferred to the Interest Account of the Series 2020B Debt Service Fund and the Series 2020B Costs of Issuance Account shall be closed.

(f) Earnings on the Series 2020C Costs of Issuance Account shall be deposited into the Series 2020C Construction Fund. Any amounts remaining in the Series 2020C Costs of Issuance Fund on [December 1], 2020 shall be transferred to the Series 2020C Construction Fund and the Series 2020C Costs of Issuance Account shall be closed.

Section 4.11. Series 2020 Reserve Account. Pursuant to Section 4.04 of the Master Senior Indenture, the City hereby elects to have the Series 2020 Bonds participate in the Senior Reserve Fund. As provided in Section 4.02(e), Section 4.03(c), Section 4.04(c) and Section 4.05[] hereof, at the time of issuance of the Series 2020 Bonds, a portion of the proceeds of the Series 2020 Bonds [and certain amounts to be released from the Series 2009 Reserve Account and the Series 2010 Reserve Account] shall be deposited into the Series 2020 Reserve Account. The Series 2020 Reserve Account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Senior Reserve Fund related to the Series 2020 Bonds for rebate purposes as set forth in the Tax Certificate, but for all other purposes shall be held, invested and used as an integral part of the Senior Reserve Fund as provided in Section 4.04

of the Master Senior Indenture and shall be available to make payments on all Bonds participating in the Senior Reserve Fund. In the event a Reserve Fund Surety Policy is ever deposited to the Senior Reserve Fund, the Trustee is hereby directed to credit the Series 2020 Reserve Account with the portion of any Reserve Fund Surety Policy allocable thereto. In the event amounts in the Senior Reserve Fund exceed the Reserve Requirement for the Senior Reserve Fund, such excess allocable to the Series 2020 Bonds shall be transferred to the Interest Accounts in the Series 2020A Senior Debt Service Fund, the Series 2020B Senior Debt Service Fund and the Series 2020C Senior Debt Service Fund, as applicable, on a pro-rata basis (based on the principal amount Outstanding of each Series of the Series 2020 Bonds).

At the time of issuance of the Series 2020 Bonds, the Reserve Requirement for the Senior Reserve Fund is equal to \$[_____].

Section 4.12. Sources of Payment of the Series 2020 Bonds. The Series 2020 Bonds shall be secured by and payable from the Net Revenues (including the PFC Revenues) as provided in the Master Senior Indenture and moneys and other investments held by the Trustee in the Senior Reserve Fund. The City may, but is not obligated to, provide for the payment of the principal of and interest on the Series 2020 Bonds from any other source or from any other funds of the City, including, but not limited to, amounts derived from Passenger Facility Charges not otherwise pledged to the payment of principal of and interest on the Series 2020 Bonds pursuant to Sections 5.01 and 5.02 hereof.

ARTICLE V

DESIGNATION OF PASSENGER FACILITY CHARGES AS REVENUES; ESTABLISHMENT OF PFC ACCOUNT; RECEIPT, DEPOSIT AND USE OF PASSENGER FACILITY CHARGES.

Section 5.01. Designation of Passenger Facility Charges as Revenues. Pursuant to the definition of “Revenues” in Article I of the Master Senior Indenture, the City hereby irrevocably designates Passenger Facility Charges as “Revenues” in an amount equal to the lesser of (a) 125% of the Aggregate Annual Debt Service on the PFC Eligible Portion of Bonds, and (b) the total amount of Passenger Facility Charges received by the City in a Fiscal Year.

Section 5.02. Pledge of PFC Revenues. In addition to, and not by limitation of, the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere in, the Master Senior Indenture and in this Third Supplemental Senior Indenture, which are pledged, assigned and granted to the Trustee with respect to the Bonds, to further secure the payment of the principal and redemption price of, and interest due on the PFC Eligible Portion of the Bonds and the performance and observance by the City of all the covenants, agreements and conditions expressed or implied in the Master Senior Indenture and in this Third Supplemental Senior Indenture or contained in the Bonds, the City hereby pledges and assigns to the Trustee with respect to the PFC Eligible Portion of the Bonds and grants to the Trustee with respect to the PFC Eligible Portion of the Bonds a lien on and security interest in all right, title and interest of the City in and to all of the PFC Revenues, and the investment earnings thereon, and provides that such lien and security interest shall be prior in right to any other pledge, lien or security interest created by the City in the Passenger Facility Charges, and the investment earnings thereon.

Section 5.03. Establishment of PFC Account and Receipt and Deposit of Passenger Facility Charges. In order to carry out and effectuate the agreements and covenants contained in the Master Senior Indenture and in this Third Supplemental Senior Indenture, the City hereby agrees and covenants to establish the “PFC Account” in the Enterprise Fund maintained by the City Treasurer and the PFC Debt Service Subaccount and the PFC Project Subaccount in the PFC Account. It shall not be necessary to create separate bank accounts for the PFC Account, the PFC Debt Service Subaccount and the PFC Project Subaccount in order to account for the amounts deposited to such account and subaccounts. The PFC Account, the PFC Debt Service Subaccount and the PFC Project Subaccount shall be under the control of the City Treasurer. So long as the PFC Revenues are pledged under the Master Senior Indenture, this Third Supplemental Senior Indenture or any other Supplemental Senior Indenture, all Passenger Facility Charges shall be received by the City in trust under the Master Senior Indenture, this Third Supplemental Senior Indenture and any other applicable Supplemental Senior Indenture and shall be set aside and immediately deposited directly to the credit of the PFC Account.

On the first Business Day of each month, amounts on deposit in the PFC Account shall be transferred by the City to the PFC Debt Service Subaccount until the amount on deposit in the PFC Debt Service Subaccount is equal to the PFC Principal Requirement and the PFC Interest Requirement. Amounts credited to the PFC Debt Service Subaccount shall be transferred to the Trustee in a timely manner in accordance with the terms of the Master Senior Indenture to pay principal and/or interest due on the PFC Eligible Portion of the Bonds.

Any amounts remaining on deposit in the PFC Account after all required deposits have been made to the PFC Debt Service Subaccount shall be transferred to the PFC Project Subaccount. The City shall not transfer any amounts on deposit in the PFC Account to the PFC Project Subaccount until the City has made all required deposits to the PFC Debt Service Subaccount as described in the previous paragraph. Amounts credited to the PFC Project Subaccount shall be applied to any lawful purpose relating to the Enterprise as permitted by the PFC Acts and as the City may from time to time determine, including, but not limited to, the payment of principal and/or interest due on the PFC Eligible Portion of the Bonds.

The PFC Account, the PFC Debt Service Subaccount and the PFC Project Subaccount shall be administered and accounted for as provided for herein, as set forth by City guidelines and any other legal requirements.

Section 5.04. Application of PFC Revenues in Section 2.11 of the Master Senior Indenture. In determining compliance with Section 2.11 of the Master Senior Indenture, PFC Revenues shall not be applied to or assumed to pay Maximum Aggregate Annual Debt Service or Aggregate Annual Debt Service on non-PFC Eligible Portions of Bonds.

When preparing the certificate required pursuant to Section 2.11(b)(ii) of the Master Senior Indenture, (a) the Consultant may assume (i) that the rate of the levy of Passenger Facility Charges in effect on the date of the certificate will be in effect for the entire forecast period, or (ii) a higher rate of levy to the extent legislation has been enacted to permit an increase in the rate of the levy of Passenger Facility Charges if the City has taken all action required to impose and use such increased charges at the Airport pursuant to such legislation prior to the date of the Consultant’s certificate; and (b) the Consultant, in estimating Net Revenues, shall assume that the percentage

of enplaned passengers subject to Passenger Facility Charges during the forecast period will not exceed the average percentage during the three Fiscal Years immediately preceding the Fiscal Year in which the proposed Series of Bonds are being issued.

Section 5.05. Application of PFC Revenues in Section 5.04 of the Master Senior Indenture. In determining compliance with Section 5.04(b) of the Master Senior Indenture, PFC Revenues shall not be applied to or assumed to pay Annual Debt Service on non-PFC Eligible Portions of the Bonds. No PFC Revenues or Passenger Facility Charges shall be included in Transfer.

Section 5.06. Covenants with Respect to Passenger Facility Charges. The City hereby covenants and agrees that so long as Passenger Facility Charges are designated as Revenues, it shall comply with all provisions of the PFC Act and the PFC Regulations applicable to the City and all provisions of the PFC Approvals, and will not take any action or omit to take any action with respect to the Passenger Facility Charges, any PFC Projects, the Enterprise, or otherwise if such action or omission would, pursuant to the PFC Act and the PFC Regulations, cause the termination of the City's ability to impose Passenger Facility Charges or prevent the use of the Passenger Facility Charges as contemplated by the Master Senior Indenture and this Third Supplemental Senior Indenture. The City hereby covenants and agrees that all moneys in the PFC Account, the PFC Debt Service Subaccount and the PFC Project Subaccount shall be used in compliance with all provisions of the PFC Act, the PFC Regulations and the PFC Approvals applicable to the City. Without limiting the generality of the foregoing, the City hereby covenants and agrees, that, to the extent necessary to comply with the foregoing covenants:

(a) it will diligently seek approval to impose and use Passenger Facility Charges for the PFC Projects within the time periods set forth in the PFC Regulations and will begin implementation of such PFC Projects within the time periods set forth in the PFC Regulations;

(b) it (i) will impose a Passenger Facility Charge to the full extent approval by the Federal Aviation Administration for the Airport and (ii) will not unilaterally decrease the level of the Passenger Facility Charges to be collected from any passenger;

(c) it will not impose any noise or access restrictions at the Airport not in compliance with the Airport Noise and Capacity Act of 1990, Pub. L 101-508, Title IX, Subtitle D, if the imposition of such restriction may result in the termination or suspension of the City's ability to impose or use Passenger Facility Charges at the Airport prior to the charge expiration date or the date the total approved Passenger Facility Charge has been collected;

(d) it will take all actions necessary to cause all collecting air carriers to collect and remit to the City all Passenger Facility Charges at the Airport required by the PFC Regulations to be so collected and remitted; and

(e) it will contest any attempt by the Federal Aviation Administration to terminate or suspend the City's ability to impose, receive or use Passenger Facility Charges

at the Airport prior to the charge expiration date or the date the total approved Passenger Facility Charge has been collected.

ARTICLE VI

TAX COVENANTS

Section 6.01. Series 2020 Rebate Fund. The City hereby agrees that it will execute the Tax Certificate and will, pursuant to this Third Supplemental Senior Indenture, cause the Series 2020 Rebate Fund to be established, which fund will be funded if so required under the Tax Certificate and amounts in such Series 2020 Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

Section 6.02. Preservation of Tax Exemption on the Series 2020 Bonds.

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

(b) The City shall not use or permit the use of any proceeds of Series 2020 Bonds or any other funds of the City held by the Trustee under the Master Subordinate Indenture or this Third Supplemental Subordinate Indenture, attributable to the Series 2020 Bonds, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City or the Trustee with respect to the Series 2020 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2020 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The City shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the City is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Series 2020 Bonds from being considered “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Series 2020 Bonds at such time, the City shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

(c) The City shall at all times do and perform all acts and things permitted by law, the Tax Certificate and this Third Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Series 2020 Bonds will not be included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2020B Bonds and the Series 2020C Bonds that are a “substantial user” of the facilities financed or refinanced with the Series 2020B Bonds and the Series 2020C Bonds or a “related person” within the meaning of Section 147(a) of the Code) and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2020B Bonds

and the Series 2020C Bonds that are a “substantial user” of the facilities financed or refinanced with the Series 2020B Bonds and the Series 2020C Bonds or a “related person” within the meaning of Section 147(a) of the Code).

ARTICLE VII

MISCELLANEOUS

Section 7.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Third Supplemental Senior Indenture or the Series 2020 Bonds must be in writing except as expressly provided otherwise in this Third Supplemental Senior Indenture or the Series 2020 Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the City or the Trustee at the addresses provided in the Master Senior Indenture or when delivered by hand and received by the City or the Trustee at the addresses provided in the Master Senior Indenture. Any addressee may designate additional or different addresses for purposes of this Section.

Section 7.02. Modification of Master Senior Indenture and this Third Supplemental Senior Indenture. The City may, from time to time and at any time execute and deliver Supplemental Senior Indentures supplementing and/or amending the Master Senior Indenture and this Third Supplemental Senior Indenture in the manner set forth in Article X of the Master Senior Indenture.

Section 7.03. 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 this Third Supplemental Senior Indenture, failure of the City to comply with its obligations set forth in the Continuing Disclosure Certificate shall not constitute an Event of Default (as specified in Article VIII of the Master Senior Indenture); provided, however, that the underwriters for the Series 2020 Bonds or any Bondholder or beneficial owner of the Series 2020 Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section, including seeking mandate or specific performance by court order.

Section 7.04. Parties Interested Herein. Nothing in this Third Supplemental Senior Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee and the Bondholders of the Series 2020 Bonds, any right, remedy or claim under or by reason of this Third Supplemental Senior Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Third Supplemental Senior Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee and the Bondholders of the Series 2020 Bonds.

Section 7.05. Severability. If any provision of this Third Supplemental Senior Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Third Supplemental Senior Indenture.

Section 7.06. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made or the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 7.07. Governing Law. This Third Supplemental Senior Indenture shall be governed by and construed in accordance with the laws of the State.

Section 7.08. Captions. The captions in this Third Supplemental Senior Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Third Supplemental Senior Indenture.

Section 7.09. Counterparts. This Third Supplemental Senior Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

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

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

CITY OF LONG BEACH

By _____
[Acting] City Manager

Attest:

By _____
City Clerk

Approved as to form:

J. CHARLES PARKIN, City Attorney

By _____
Assistant City Attorney

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Representative

[Signature page to Third Supplemental Senior Trust Indenture]

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA

CITY OF LONG BEACH, CALIFORNIA
SENIOR AIRPORT REVENUE [REFUNDING] BOND
SERIES 2020[A/B/C]
([GOVERNMENTAL][PRIVATE ACTIVITY]/[AMT][NON-AMT])

No. R-____

Principal Amount: \$_____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“DTC”) TO THE TRUSTEE 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.

Interest Rate	Maturity Date	Original Dated Date	CUSIP
%	June 1, 20____	[April ____], 2020	542403____

THIS BOND IS A SPECIAL LIMITED OBLIGATION OF THE CITY OF LONG BEACH, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF NET REVENUES DERIVED BY THE CITY OF LONG BEACH FROM THE OPERATIONS OF THE ENTERPRISE AND SUCH OTHER AMOUNTS, FUNDS AND ACCOUNTS PLEDGED THEREFOR UNDER THE SENIOR INDENTURE. NONE OF THE PROPERTIES OF THE ENTERPRISE ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE BONDHOLDER OF THIS BOND, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF LONG BEACH, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. NEITHER THIS BOND NOR THE OBLIGATION TO PAY PRINCIPAL OF OR INTEREST HEREON CONSTITUTES A DEBT OF THE CITY OF LONG BEACH, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS.

The City of Long Beach, California (the “City”), acting pursuant to the Charter of the City of Long Beach, California (the “Charter”), promises to pay, from the Net Revenues, as hereinafter defined in this Bond, to Cede & Co. (the “Registered Owner”), or registered assigns, the principal

sum of _____ Dollars on the Maturity Date set forth above and to pay interest as provided in this Bond.

Additional provisions of this Bond are set forth on the following pages of this Bond.

All acts, conditions and other matters required to exist, to happen and to be performed, precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and the Charter.

CITY OF LONG BEACH, CALIFORNIA

By _____
David S. Nakamoto, City Treasurer

Attest:

By _____
Monique De La Garza, City Clerk

CERTIFICATE OF AUTHENTICATION

The Bank of New York Mellon Trust Company, N.A., as Trustee, hereby certifies that this is one of the Bonds referred to in the Master Senior Indenture and the Third Supplemental Senior Indenture.

Date of Authentication: _____, 20__

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Name _____
Title _____

1. **Master Senior Indenture; Third Supplemental Senior Indenture.** The City has entered into a Master Senior Trust Indenture, dated as of December 1, 2009, as amended from time to time (the “Master Senior Indenture”), with The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Master Senior Indenture provides that the City may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Senior Indenture and Supplemental Senior Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as “Bonds.” All capitalized

terms not defined herein shall have the meanings set forth in the Master Senior Indenture and the hereinafter defined Third Supplemental Senior Indenture.

This Bond is part of a series of Bonds of the City issued under the Master Senior Indenture and the Third Supplemental Senior Trust Indenture, dated as of [April] 1, 2020 (the “Third Supplemental Senior Indenture,” and collectively with the Master Senior Indenture, the “Senior Indenture”), by and between the City and the Trustee, and authorized by Resolution No. RES-20-[____] adopted by the City Council of the City on March [___], 2020. The series of Bonds of which this Bond is a part is being issued in the original principal amount of \$[PARA/PARB/PARC] and designated as City of Long Beach, California, Senior Airport Revenue [Refunding] Bonds, Series 2020[A/B/C] ([Governmental][Private Activity]/[AMT][Non-AMT]) (the “Series 2020[A/B/C] Bonds”). Simultaneously with the issuance of the Series 2020[A/B/C] Bonds, the City is issuing its City of Long Beach, California Senior Airport Revenue [Refunding] Bonds, Series 2020[A/B/C] ([Governmental][Private Activity]/[AMT][Non-AMT]) (the “Series 2020[A/B/C] Bonds”) and its City of Long Beach, California Senior Airport Revenue [Refunding] Bonds, Series 2020[A/B/C] ([Governmental][Private Activity]/[AMT][Non-AMT]) (the “Series 2020[A/B/C] Bonds”).

The Master Senior Indenture also provides for the incurrence of additional debt, including the issuance of additional bonds, to be secured under the Master Senior Indenture equally and ratably with the Series 2020[A/B/C] Bonds. The Series 2020[A/B/C] Bonds are being issued primarily to [(i) refinance certain capital improvements at Long Beach Airport], [(ii) finance certain capital improvements at Long Beach Airport] [and [(ii)][(iii)] refund all of the City’s outstanding [Refunded Series 2009A Bonds, Refunded Series 2009C Bonds and Series 2010B Bonds] [refund all of the City’s outstanding Refunded Series 2010A Bonds]].

The terms of the Series 2020[A/B/C] Bonds include the terms set forth in the Senior Indenture. Bondholders are referred to the Senior Indenture, as amended from time to time, for a statement of those terms.

2. **Source of Payments.** The Series 2020[A/B/C] Bonds are, as provided in the Senior Indenture, secured by and payable from the Net Revenues (including PFC Revenues as described in the Senior Indenture), as described below and as defined in the Senior Indenture. The City has covenanted under the Master Senior Indenture that it will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Revenues which is senior to the Series 2010[A/B/C] Bonds. The Master Senior Indenture pledges the Net Revenues to secure payment of all Bonds issued under the Master Senior Indenture.

The term “Net Revenues” is defined in the Master Senior Indenture to mean, for any given period, the Revenues for such period, less the Maintenance and Operation Costs for such period.

Net Revenues shall also include such additional sources of revenue, if any, subsequently pledged by the City to pay the Bonds. The City is not required to provide for the payment of the Bonds from any other source.

3. **Interest Rate.** This Bond shall bear interest until the Maturity Date at the Interest Rate shown on the first page of this Bond. Interest on overdue principal and, to the extent lawful,

on overdue interest will be payable at the Interest Rate on this Bond on the day before the default occurred.

Interest on this Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months.

4. **Interest Payment and Record Dates.** Interest hereon will be due and payable on [June] 1, 2020 and each June 1 and December 1 thereafter and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a June 1 payment is the preceding May 15, and the Record Date for a December 1 payment is the preceding November 15. If this Bond is not a Book-Entry Bond, as defined in the Third Supplemental Senior Indenture, interest hereon will be paid by check mailed to the Bondholder's registered address, and, if this Bond is a Book-Entry Bond, as defined in the Third Supplemental Senior Indenture, interest will be paid as provided in the Third Supplemental Senior Indenture.

Interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or drafts payable in such money. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

5. **Payment of Principal.** Payment of principal of this Bond will be paid at the Maturity Date (as provided on the first page of this Bond) upon surrender of this Bond to the Trustee or its agent except that if this Bond is a Book-Entry Bond, the Trustee may make other arrangements for payment of principal. Principal will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or drafts payable in such money. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

6. **Redemption Provisions.**

(a) **Optional Redemption.** The Series 2020[A/B/C] Bonds maturing on or before June 1, 20[___] are not subject to optional redemption prior to maturity. The Series 2020[A/B/C] Bonds maturing on or after June 1, 20[___] are subject to redemption prior to maturity, at the option of the City, on or after June 1, 20[___], in whole or in part, at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020[A/B/C] Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium

(b) **Notice of Redemption.** The Trustee shall give notice of redemption, in the name of the City, to Bondholders affected by such redemption at least 30 days but not more than 60 days before each redemption date, send such notice of redemption by first class mail (or with respect to Series 2020[A/B/C] Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each Bondholder of a Series 2020[A/B/C] Bond to be redeemed. Each such notice shall be sent to the Bondholder's registered address.

Each notice of redemption shall specify the Series, maturity date, interest rate and CUSIP number of each Series 2020[A/B/C] Bond to be redeemed, the date of issue, if less

than all Series 2020[A/B/C] Bonds of a Series, maturity date and interest rate are called for redemption the numbers of the Series 2020[A/B/C] Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment shall be made upon presentation and surrender of the Series 2020[A/B/C] Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid shall be paid as specified in said notice, and that on and after said date interest thereon shall cease to accrue.

The City may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2020[A/B/C] Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be cancelled and on such cancellation date notice shall be mailed to the Bondholders of such Series 2020[A/B/C] Bonds to be redeemed.

Failure to give any required notice of redemption as to any particular Series 2020[A/B/C] Bonds shall not affect the validity of the call for redemption of any Series 2020[A/B/C] Bonds in respect of which no failure occurs. Any notice sent as provided in the Third Supplemental Senior Indenture shall be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2020[A/B/C] Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the Series 2020[A/B/C] Bonds to be redeemed shall cease to accrue on and after the date fixed for redemption.

(c) ***Effect of Redemption.*** On the date so designated for redemption, notice having been given as aforesaid and sufficient moneys for payment of the redemption price being held in trust by the Senior Trustee to pay the redemption price, interest on such Series 2020[A/B/C] Bonds shall cease to accrue from and after such redemption date, such Series 2020[A/B/C] Bonds shall cease to be entitled to any lien, benefit or security under the Senior Indenture and the Bondholders of such Series 2020[A/B/C] Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2020[A/B/C] Bonds called for redemption and for the payment of the redemption price of which moneys shall be held in trust for the Bondholders of the Series 2020[A/B/C] Bonds to be redeemed, all as provided in the Third Supplemental Senior Indenture, shall not be deemed to be Outstanding under the provisions of the Senior Indenture.

7. **Denominations; Transfer; Exchange.** The Series 2020[A/B/C] Bonds are available in denominations of \$5,000 and integral multiples thereof. A Bondholder may transfer or exchange Series 2020[A/B/C] Bonds in accordance with the Senior Indenture. The Trustee may require a Bondholder, among other things, to furnish appropriate endorsements and transfer

documents and to pay any taxes and fees required by law or permitted by the Senior Indenture. The Trustee need not transfer or exchange any Series 2020[A/B/C] Bond during the period established by the Registrar for selection of Series 2020[A/B/C] Bonds for redemption or any Series 2020[A/B/C] Bond which has been selected for redemption.

8. **Persons Deemed Owners.** The Registered Owner of this Bond shall be treated as the owner of it for all purposes.

9. **Unclaimed Money.** If money for the payment of principal or interest remains unclaimed for one year, the Trustee will pay the money to or for the account of the City. After that, Bondholders entitled to the money must look only to the City and not to the Trustee for payment.

10. **Discharge Before Maturity.** If the City at any time deposits with the Trustee money or Federal Securities as described in the Master Senior Indenture sufficient to pay at maturity principal of and interest on the outstanding Series 2020[A/B/C] Bonds, and if the City also pays all other sums then payable by the City under the Master Senior Indenture, the Master Senior Indenture will be discharged. After discharge, Bondholders must look only to the deposited money and securities for payment. If the City at any time deposits with the Trustee money or Federal Securities as described in the Master Senior Indenture sufficient to pay at maturity, principal of and interest on all or any portion of the outstanding Series 2020[A/B/C] Bonds, such Series 2020[A/B/C] Bonds, with respect to which the deposit was made, shall no longer be deemed to be outstanding and shall no longer be secured by the Master Senior Indenture except to the extent of the funds set aside therefor.

11. **Amendment, Supplement, Waiver.** The Master Senior Indenture, the Third Supplemental Senior Indenture and the Series 2020[A/B/C] Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Senior Indenture. Any consent given by the owner of this Bond shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

12. **Defaults and Remedies.** The Master Senior Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the principal of this Bond may not be declared to be due and payable immediately on the terms set forth in the Master Senior Indenture. An Event of Default and its consequences may be waived as provided in the Master Senior Indenture. Bondholders may not enforce the Master Senior Indenture, the Third Supplemental Senior Indenture or the Series 2020[A/B/C] Bonds except as provided in the Senior Indenture. The Trustee may refuse to enforce the Master Senior Indenture, the Third Supplemental Senior Indenture or the Series 2020[A/B/C] Bonds unless it receives indemnity satisfactory to it. Subject to certain limitations, Bondholders of not less than 25% of the aggregate principal of the Series 2020[A/B/C] Bonds (determined in accordance with the terms of the Senior Indenture) may direct the Trustee in its exercise of any trust or power.

13. **No Recourse Against Others.** No member, director, officer or employee of the City shall have any personal liability for any obligations of the City under the Series 2020[A/B/C] Bonds, the Master Senior Indenture or the Third Supplemental Senior Indenture or for any claim based on such obligations or their creation or be subject to any personal liability or accountability

by reason of the issuance thereof. Each Bondholder, by accepting a Series 2020[A/B/C] Bond, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond.

14. **Authentication.** This Bond shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the signature page of this Bond.

15. **Abbreviations.** Customary abbreviations may be used in the name of a Bondholder or an assignee, such as TEN COM (= tenants in common), TEN ENT (=tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian) and U/G/M/A (=Uniform Gifts to Minors Act).

FORM OF ASSIGNMENT

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[_____]

[_____]

(Print or type name, address and zip code of assignee) this Bond and irrevocably appoint _____ agent to transfer this Bond on the books of the City. The agent may substitute another to act for him.

Dated: _____

Signed _____
(Sign exactly as name appears on the face of this Bond)

Signature guaranteed: _____
(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.)

EXHIBIT B

REFUNDED BONDS

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2009A**

Maturity Date (June 1)	Principal to be Redeemed	Redemption Price	Redemption Date	CUSIP Number
2020	\$1,520,000	100%	April [28], 2020	542403AM2
2021	1,590,000	100	April [28], 2020	542403AN0
2022	1,660,000	100	April [28], 2020	542403AP5

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2009C**

Maturity Date (June 1)	Principal to be Redeemed	Redemption Price	Redemption Date	CUSIP Number
2024	\$ 3,590,000	100%	April [28], 2020	542403AA8
2029	10,575,000	100	April [28], 2020	542403AB6
2039	30,725,000	100	April [28], 2020	542403AC4

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010A**

Maturity Date (June 1)	Principal to be Paid/Redeemed	Redemption Price	Payment/ Redemption Date	CUSIP Number
2020	\$ 1,180,000	N/A	June 1, 2020	542403BE9
2021	1,240,000	100%	June 1, 2020	542403BF6
2022	1,300,000	100	June 1, 2020	542403BH2
2023	1,365,000	100	June 1, 2020	542403BL3
2025	2,905,000	100	June 1, 2020	542403BJ8
2030	8,585,000	100	June 1, 2020	542403BK5
2040	24,930,000	100	June 1, 2020	542403BG4

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010B**

Maturity Date (June 1)	Principal to be Paid/Redeemed	Redemption Price	Payment/ Redemption Date	CUSIP Number
2020	\$ 315,000	N/A	June 1, 2020	542403BV1
2021	330,000	100%	June 1, 2020	542403BW9
2022	340,000	100	June 1, 2020	542403BY5
2023	355,000	100	June 1, 2020	542403BZ2
2025	755,000	100	June 1, 2020	542403CA6
2030	2,235,000	100	June 1, 2020	542403CB4
2040	6,480,000	100	June 1, 2020	542403BX7

EXHIBIT C

SERIES 2020C PROJECTS DESCRIPTION

- Baggage Claim Area Improvements
- New Ticketing Lobby

EXHIBIT D-1

FORM OF SERIES 2020C CONSTRUCTION FUND REQUISITION

Requisition No. _____

To: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from City of Long Beach, California Senior Airport Revenue
Bonds Series 2020C Construction Fund

The amount requisitioned: \$ _____

Payment to be made to: _____

Manner in which payment is to be made: _____

Description of Costs of Series 2020C Project: _____

The undersigned, an Authorized City Representative within the meaning of the Master Senior Trust Indenture, dated as of December 1, 2009, (the "Master Senior Indenture"), by and between the City of Long Beach (the "City"), and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the Third Supplemental Senior Trust Indenture, dated as of [April] 1, 2020 (the "Third Supplemental Senior Indenture"), by and between the City and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the City of Long Beach, California Senior Airport Revenue Bonds Series 2020C Construction Fund held under the Third Supplemental Senior Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2020C Projects (as defined in the Third Supplemental Senior Indenture) and does not represent Costs of Issuance (as defined in the Third Supplemental Senior Indenture) associated with the issuance of the City of Long Beach, California Senior Airport Revenue Bonds Series 2020C (Private Activity/AMT) (the "Series 2020C Bonds") and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [April __], 2020 and relating to the Series 2020C Bonds.

Dated: _____.

By _____
Authorized City Representative

EXHIBIT D-2

FORM OF SERIES 2020 COSTS OF ISSUANCE FUND REQUISITION

Requisition No. _____

To: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from City Long Beach, California Senior Airport Revenue and Revenue Refunding Bonds Series 2020 Costs of Issuance Fund

The amount requisitioned: \$ _____

Payment to be made to: _____

Manner in which payment is to be made: _____

Description of Costs of Issuance: _____

The undersigned, an Authorized City Representative within the meaning of the Master Senior Trust Indenture, dated as of December 1, 2009, (the "Master Senior Indenture"), by and between the City of Long Beach (the "City"), and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the Third Supplemental Senior Trust Indenture, dated as of [April] 1, 2020 (the "Third Supplemental Senior Indenture"), by and between the City and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in **[check one]**

- City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020A Costs of Issuance Account
- City of Long Beach, California Senior Airport Revenue Refunding Bonds Series 2020B Costs of Issuance Account
- City of Long Beach, California Senior Airport Revenue Bonds Series 2020C Costs of Issuance Account

of the City of Long Beach, California Senior Airport Revenue and Revenue Refunding Bonds Series 2020 Costs of Issuance Fund held under the Third Supplemental Senior Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of Issuance (as defined in the Third Supplemental Senior Indenture) associated with the issuance of the City of Long Beach, California Senior Airport Revenue [Refunding] Bonds Series 2020[A/B/C] (the "Series 2020[A/B/C] Bonds") and the amounts requisitioned hereby will be expended only in accordance with and subject to the

limitations set forth in the Master Senior Indenture, the Third Supplemental Senior Indenture and the Tax Compliance Certificate, dated [April __], 2020 and relating to the Series 2020[A/B/C] Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Senior Indenture and the Third Supplemental Senior Indenture

Dated: _____.

By _____
Authorized City Representative

NEW ISSUES - BOOK-ENTRY ONLY

Ratings: (See “RATINGS” herein)

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2020B Bond or Series 2020C Bond for any period during which such Series 2020B Bond or Series 2020C Bond is held by a “substantial user” of the facilities financed or refinanced by the Series 2020B Bonds or the Series 2020C Bonds, as applicable, or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Series 2020A Bonds and the Series 2020B Bonds is not a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2020C Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that interest on the Series 2020 Bonds is exempt from present State of California personal income taxes. See “TAX MATTERS” herein.

[City
Logo]

\$ _____ *

[Airport
Logo]

CITY OF LONG BEACH, CALIFORNIA

\$ _____ *
**Senior Airport Revenue
Refunding Bonds
Series 2020A
(Governmental/Non-
AMT)**

\$ _____ *
**Senior Airport Revenue
Refunding Bonds
Series 2020B
(Private Activity/Non-
AMT)**

\$ _____ *
**Senior Airport
Revenue Bonds
Series 2020C
(Private
Activity/AMT)**

Dated: Date of Delivery

Due: June 1, as shown on the inside cover

The City of Long Beach, California (the “City”) is issuing its City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “Series 2020A Bonds”), City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “Series 2020B Bonds”), and City of Long Beach, California Senior Airport Revenue Bonds, Series 2020C (Private Activity/AMT) (the “Series 2020C Bonds” and, together with the Series 2020A Bonds and the Series 2020B Bonds, the “Series 2020 Bonds”) to (a) pay the cost of certain capital improvements at Long Beach Airport; (b) current refund and defease all or a portion of the City’s outstanding Senior Airport Revenue Bonds, Series 2009A and Senior Airport Revenue Bonds, Series 2009C Bonds (collectively, the “Refunded Series 2009 Bonds”) and the Senior Airport Revenue Bonds, Series 2010A and Senior Airport Revenue Bonds, Series 2010B (collectively, the “Refunded Series 2010 Bonds” and, together with the Refunded Series 2009 Bonds, the “Refunded Bonds”), (c) fund a reserve fund for the Series 2020 Bonds, and (d) pay the costs of issuance of the Series 2020 Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2020 Bonds are being issued by the City pursuant to the Master Senior Trust Indenture, dated as of December 1, 2009 (the “Master Senior Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Senior Trustee”), and the Third Supplemental Senior Trust Indenture, to be dated as of April 1, 2020 (the “Third Supplemental Senior Indenture,” and together with the Master Senior Indenture, and all supplements thereto, the “Senior Indenture”), by and between the City and the Senior Trustee. The Series 2020 Bonds are special limited obligations of the City, payable solely from and secured by (a) a pledge of Net Revenues, which include certain income and revenue received by the City from the operations of the Enterprise and the Airport (including, [with respect to the Series 2020A Bonds and the Series 2020B Bonds], certain PFC Revenues, as more particularly described herein), less all amounts that are required to pay Maintenance and Operation Costs of the Enterprise, and (b) such other amounts, funds and accounts pledged under the Senior Indenture. The Senior Indenture permits the issuance from time to time of additional Senior Bonds with a pledge of and lien on Net Revenues (not including any PFC Revenues) on a parity with the Series 2020 Bonds. Upon issuance of the Series 2020 Bonds and the refunding of the Refunded Bonds, the Series 2020 Bonds will be the only Senior Bonds outstanding.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

THE SERIES 2020 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY, PAYABLE FROM A LIEN ON NET REVENUES (INCLUDING PFC REVENUES), AS DESCRIBED HEREIN. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 BONDS. NONE OF THE PROPERTIES OF THE ENTERPRISE AND THE AIRPORT ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN (EXCEPT FOR THE LIEN CREATED BY THE SENIOR INDENTURE ON THE NET REVENUES) FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2020 BONDS.

Interest on the Series 2020 Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2020. The Series 2020 Bonds will be issued as fully registered bonds and, when issued, will be registered 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 2020 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 2020 Bonds. So long as the Series 2020 Bonds are held by DTC, the principal of and interest on the Series 2020 Bonds will be payable by wire transfer to DTC, which in turn is required to remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Series 2020 Bonds, as more fully described herein. See “APPENDIX E—BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2020 Bonds are subject to optional redemption prior to maturity, as more fully described herein. See “DESCRIPTION OF THE SERIES 2020 BONDS—Redemption Provisions” herein.

The purchase and ownership of the Series 2020 Bonds involve investment risk and may not be suitable for all investors. This cover page is not intended to be a summary of the terms of, or the security for, the Series 2020 Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under “CERTAIN INVESTMENT CONSIDERATIONS” herein. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2020 Bonds are offered, when, as and if issued by the City, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the City, and to certain other conditions. Certain matters will be passed upon for the City by the City Attorney, and certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP. It is expected that the Series 2020 Bonds in book-entry form will be available for delivery through the facilities of DTC on or about April __, 2020.

Morgan Stanley

Cabrera Capital Markets LLC

RBC Capital Markets

Date of Official Statement: _____, 2020

MATURITY SCHEDULE

\$ _____*
City of Long Beach, California
Senior Airport Revenue Refunding Bonds
Series 2020A
(Governmental/Non-AMT)

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† No.</u>
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C Priced to June 1, 20__ call date at par.

* *Preliminary, subject to change.*

† Copyright 2020, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2020 Bonds. None of the City or the Underwriters take any responsibility for the accuracy of such numbers.

\$ _____*
City of Long Beach, California
Senior Airport Revenue Refunding Bonds
Series 2020B
(Private Activity/Non-AMT)

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†† No.</u>
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C Priced to June 1, 20__ call date at par.

* Preliminary; subject to change.

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MATURITY SCHEDULE

\$ _____*
City of Long Beach, California
Senior Airport Revenue Bonds
Series 2020C
(Private Activity/AMT)

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† No.</u>
---	-----------------------------------	--------------------------------	--------------	--------------	-------------------

C Priced to June 1, 20__ call date at par.

* Preliminary, subject to change.

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CITY OF LONG BEACH, CALIFORNIA

CITY COUNCIL

Dr. Robert Garcia
Mayor

Dee Andrews
Vice Mayor, Sixth District

Mary Zendajas, <i>First District</i>	Stacy Mungo, <i>Fifth District</i>
Jeannine Pearce, <i>Second District</i>	Roberto Uranga, <i>Seventh District</i>
Suzie Price, <i>Third District</i>	Al Austin, <i>Eighth District</i>
Daryl Supernaw, <i>Fourth District</i>	Rex Richardson, <i>Ninth District</i>

CITY OFFICIALS AND STAFF

Tom Modica
Acting City Manager

Rebecca Garner
Acting Assistant City Manager

John Gross
*Director of
Financial Management, CFO*

David S. Nakamoto
City Treasurer

J. Charles Parkin
City Attorney

Douglas Haubert
City Prosecutor

Laura L. Doud
City Auditor

Monique De La Garza
City Clerk

[Charles Gale]
Principal Deputy City Attorney

**LONG BEACH AIRPORT
SENIOR STAFF MEMBERS**

Cynthia Guidry
Claudia Lewis
Dale Worsham
Mony Chhey

Airport Director
Finance and Administration Bureau Manager
Administrative Officer
Financial Services Officer

PROFESSIONAL SERVICES

BOND COUNSEL
Kutak Rock LLP

DISCLOSURE COUNSEL
Stradling Yocca Carlson & Rauth,
A Professional Corporation

MUNICIPAL ADVISOR
Frasca & Associates, LLC

TRUSTEE
The Bank of New York Mellon Trust
Company, N.A.

VERIFICATION AGENT
Robert Thomas CPA, LLC

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 2020 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 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 Airport 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 2020 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 2020 Bonds.

THE SERIES 2020 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 SENIOR INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SERIES 2020 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 2020 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 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 2020 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 Airport maintain websites. The information therein is not incorporated by reference and should not be relied upon in making an investment decision.

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OFFICIAL STATEMENT

relating to

CITY OF LONG BEACH, CALIFORNIA

\$ _____*
**Senior Airport Revenue Refunding
Bonds
Series 2020A
(Governmental/Non-AMT)**

\$ _____*
**Senior Airport Revenue
Refunding Bonds
Series 2020B
(Private Activity/Non-AMT)**

\$ _____*
**Senior Airport Revenue
Bonds
Series 2020C
(Private Activity/AMT)**

INTRODUCTION

General

This Official Statement, which includes the cover page and the Appendices hereto, provides information with respect to the \$ _____* City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “Series 2020A Bonds”), \$ _____* City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “Series 2020B Bonds”), and \$ _____* Senior Airport Revenue Bonds, Series 2020C (Private Activity/AMT) (the “Series 2020C Bonds” and, together with the Series 2020A Bonds and the Series 2020B Bonds, the “Series 2020 Bonds”). All capitalized terms used in this Official Statement unless otherwise defined herein will have the meanings set forth in “APPENDIX B—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SENIOR INDENTURE AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE—CERTAIN DEFINITIONS.”

The City and the Airport

The City of Long Beach, California (the “City”) is a charter city and municipal corporation organized and existing under the Constitution of the State of California (the “State”). The City is responsible for Long Beach Airport (the “Airport”), all operations of the Airport and all revenue-producing functions, facilities and properties associated with the Airport (collectively, the “Enterprise”). The Airport, classified by the Federal Aviation Administration (the “FAA”) as a “small hub” airport, enplaned approximately 1.76 million passengers for the fiscal year ended September 30, 2019 (“Fiscal Year 2019”). In Fiscal Year 2019, approximately [96%] of enplanements at the Airport represented origination and destination (“O&D”) passengers (passengers beginning or ending their trips at the Airport, as opposed to passengers connecting through the Airport to other cities). According to data reported by Airports Council International (“ACI”), the Airport was ranked as the 68th busiest airport in the United States (the “U.S.”) for calendar year 2018 (the most recent year available), based on total passengers. Long Beach Airport is one of six airports in the Los Angeles region, the second largest metropolitan statistical area in the country. See “THE AIRPORT” for information concerning aviation activity at the Airport.

Authorization

The Series 2020 Bonds are being issued by the City pursuant to the Charter of the City of Long Beach (the “Charter”), Sections 3.52.110 *et seq.* of the Long Beach Municipal Code, the Master Senior Trust Indenture, dated as of December 1, 2009 (the “Master Senior Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Senior Trustee”), the Third Supplemental Senior Trust Indenture, to be dated as of April 1, 2020 (the “Third Supplemental Senior Indenture,” and together with the Master Senior Indenture, and all supplements thereto, the “Senior Indenture”) by and

* *Preliminary, subject to change.*

between the City and the Senior Trustee, and a resolution adopted by the City Council of the City (“City Council”) on March __, 2020.

Plan of Finance

The Series 2020 Bonds are being issued to (a) pay the cost of certain capital improvements at the Airport; (b) current refund and defease all or a portion of the City’s outstanding Senior Airport Revenue Bonds, Series 2009A (the “Refunded Series 2009A Bonds”) and Senior Airport Revenue Bonds, Series 2009C Bonds (the “Refunded Series 2009C Bonds” and, together with the Refunded Series 2009A Bonds, referred to as either the “Refunded Series 2009 Bonds” or the “Series 2009 Bonds”), and the Senior Airport Revenue Bonds, Series 2010A (the “Refunded Series 2010A Bonds”) and Senior Airport Revenue Bonds, Series 2010B (the “Refunded Series 2010B Bonds” and together with the Refunded Series 2010A Bonds, referred to as either the “Refunded Series 2010 Bonds” or the “Series 2010 Bonds”; and the Refunded Series 2009 Bonds and the Refunded Series 2010 Bonds are collectively referred to herein as the “Refunded Bonds”), (c) fund a reserve fund for the Series 2020 Bonds, and (d) pay the costs of issuance of the Series 2020 Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Security for the Series 2020 Bonds

The Series 2020 Bonds are payable solely from and secured solely by a pledge of and lien upon the Net Revenues (including, with respect to a portion of the Series 2020A Bonds and the Series 2020B Bonds, PFC Revenues) and such other amounts, funds and accounts established or continued by the Senior Indenture. The Master Senior Indenture defines “*Net Revenues*” to mean, for any given period, the Revenues (as defined below) for such period, less the Maintenance and Operation Costs (as defined below) for such period. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Pledge of Net Revenues.”

Pursuant to the provisions of the Master Senior Indenture, Revenues do not include Passenger Facility Charges (also referred to in this Official Statement as “PFCs”) unless otherwise designated as Revenues and pledged pursuant to a Supplemental Senior Indenture. Pursuant to the Third Supplemental Senior Indenture, the City will irrevocably designate Passenger Facility Charges as Revenues in an amount equal to the lesser of (a) 125% of the Aggregate Annual Debt Service on the PFC Eligible Portion of all Senior Bonds (including the Series 2020 Bonds), and (b) the total amount of Passenger Facility Charges received by the City in a Fiscal Year. The Passenger Facility Charges irrevocably designated as Revenues and pledged are referred to in this Official Statement as “PFC Revenues.” Generally, the “PFC Eligible Portion” of each Senior Bond is equal to the portion of such Senior Bond the proceeds of which are used to finance or refinance projects for which the City has received approval from the FAA to fund with Passenger Facility Charges. Approximately 18% and 85% of the proceeds of the Series 2020A Bonds and the Series 2020B Bonds, respectively, will be used to refinance projects for which the City has received FAA approval to fund with Passenger Facility Charges. Therefore, Passenger Facility Charges equal to the lesser of (a) 125% of the Aggregate Annual Debt Service on approximately 18% of the Series 2020A Bonds and 85% of the Series 2020B Bonds, and (b) the total amount of Passenger Facility Charges received by the City in a Fiscal Year will be included in Revenues and therefore pledged to the payment of the Series 2020A Bonds and the Series 2020B Bonds. However, PFC Revenues are only available to pay debt service on the PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds. The non-PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds and all of the Series 2020C Bonds will be only payable from and secured by Net Revenues, not including any PFC Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Pledge of Net Revenues.”

Upon issuance of the Series 2020 Bonds and the refunding of the Refunded Bonds, the Series 2020 Bonds will be the only Senior Bonds outstanding. The City has covenanted in the Master Senior Indenture that no additional bonds or other securities will be issued with a lien on or security interest granted in Net Revenues (including any PFC Revenues) senior to the lien of the Series 2020 Bonds. The Senior Indenture permits the issuance from time to time of additional Senior Bonds with a pledge of and lien on Net Revenues

on a parity with the Series 2020 Bonds. For purposes of this Official Statement, “Senior Bonds” means the Series 2020 Bonds and any Additional Senior Bonds. Net Revenues are available for the equal and proportionate benefit of all of the Senior Bonds, except that PFC Revenues will only be available for the benefit of the Senior Bonds to the extent such Senior Bonds include a PFC Eligible Portion. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS,” “DEBT SERVICE SCHEDULE” and “AIRPORT FINANCIAL MATTERS—PFC Program.”

Airlines Operating at the Airport

JetBlue Airways (“JetBlue”) initiated service from the Airport in Fiscal Year 2001, and since then has become the leading air carrier at the Airport. In every Fiscal Year since Fiscal Year 2002, JetBlue’s market share of enplaned passengers at the Airport has exceeded 50%, peaking at 83% in Fiscal Year 2015. However, JetBlue’s market share has decreased since Southwest Airline’s entry into the market in Fiscal Year 2016, as JetBlue’s underutilized slots have been reallocated and existing service has been reduced. In Fiscal Year 2019, JetBlue accounted for approximately 56% of the Airport’s enplaned passengers and Southwest’s share was 30%. In January 2020, JetBlue announced reductions in service at several airports throughout the country, which included further reductions in its service at the Airport, from approximately 22 average daily departures to an expected 15 in May 2020. As described herein, the City intends to reallocate unutilized slots per the provisions of the Noise Ordinance (defined herein). See “AIRPORT OPERATING INFORMATION - Airport Noise Compatibility Ordinance; Allocation of Air Carrier Flight Slots” and CERTAIN INVESTMENT CONSIDERATIONS—Concentration of Certain Airlines at the Airport.”

Continuing Disclosure

The City will covenant for the benefit of the owners of the Series 2020 Bonds to provide annually certain financial information and operating data concerning the Enterprise, the Airport and certain other obligated persons, including JetBlue (to the extent JetBlue makes its financial information and operating data available to the public), and will provide notice of certain enumerated events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (the “EMMA System”) or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission (the “SEC”). See “CONTINUING DISCLOSURE” and “APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Investment Considerations

The purchase and ownership of the Series 2020 Bonds involve investment risks. Prospective purchasers of the Series 2020 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2020 Bonds, see “CERTAIN INVESTMENT CONSIDERATIONS.”

Forward-Looking Statements

The statements contained in this Official Statement and in the Appendices hereto that are not purely historical, are forward-looking statements, including statements regarding the City’s expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “intend” or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the Airport’s actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible

invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Additional Information

Brief descriptions of the Series 2020 Bonds, the Master Senior Indenture, the Third Supplemental Senior Indenture and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. 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 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 Enterprise or the Airport since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City and purchasers or owners of any of the Series 2020 Bonds. The City and the Airport maintain certain websites, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2020 Bonds.

PLAN OF FINANCE

The proceeds of the Series 2020 Bonds will be used, together with other available moneys, to (a) pay the cost of certain capital improvements at the Airport (the “2020 Projects”), as described below; (b) current refund and defease the Refunded Bonds, (c) fund a reserve fund for the Series 2020 Bonds, and (d) pay the costs of issuance of the Series 2020 Bonds.

The 2020 Projects

The 2020 Projects generally consist of (i) baggage claim area improvements and (ii) new ticketing lobbies.

Plan of Refunding

A portion of the proceeds of the Series 2020 Bonds, together with other available moneys, will be used to current refund and defease the Refunded Bonds.

The specific principal amount, if any, of each maturity of the outstanding Series 2009 Bonds, and/or Series 2010 Bonds that will be refunded will be determined by the City at the time the City and the Underwriters (as defined herein) execute the Bond Purchase Agreement (as defined herein). The issuance of the Series 2020A Bonds and the Series 2020B Bonds and the refunding of the Refunded Bonds is subject to market conditions, and the City will only issue the Series 2020A Bonds and the Series 2020B Bonds to refund any of the Refunded Bonds if such issuance and refunding result in acceptable debt service savings to the City. The potential Refunded Bonds are described below.

Series	Maturity Date (June 1)	Principal Amount	CUSIP† Number	Payment/ Redemption Date	Redemption Price
2009A	2020	\$1,520,000	542403AM2	4/29/2020	100%

Series	Maturity Date (June 1)	Principal Amount	CUSIP† Number	Payment/ Redemption Date	Redemption Price
2009A	2021	1,590,000	542403AN0	4/29/2020	100
2009A	2022	1,660,000	542403AP5	4/29/2020	100
2009C	2024	3,590,000	542403AA8	4/29/2020	100
2009C	2029	10,575,000	542403AB6	4/29/2020	100
2009C	2039	30,725,000	542403AC4	4/29/2020	100
2010A	2020	1,180,000	542403BE9	6/1/2020	N/A
2010A	2021	1,240,000	542403BF6	6/1/2020	100
2010A	2022	1,300,000	542403BH2	6/1/2020	100
2010A	2023	1,365,000	542403BL3	6/1/2020	100
2010A	2025	2,905,000	542403BJ8	6/1/2020	100
2010A	2030	8,585,000	542403BK5	6/1/2020	100
2010A	2040	24,930,000	542403BG4	6/1/2020	100
2010B	2020	315,000	542403BV1	6/1/2020	N/A
2010B	2021	330,000	542403BW9	6/1/2020	100
2010B	2022	340,000	542403BY5	6/1/2020	100
2010B	2023	355,000	542403BZ2	6/1/2020	100
2010B	2025	755,000	542403CA6	6/1/2020	100
2010B	2030	2,235,000	542403CB4	6/1/2020	100
2010B	2040	6,480,000	542403BX7	6/1/2020	100

† CUSIP numbers have been assigned by an independent company not affiliated with the City or the Underwriters and are included solely for the convenience of the registered owners of the applicable bonds. Neither the City nor the Underwriters is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the applicable bonds or as included in this Official Statement.

A portion of the proceeds of Series 2020 Bonds, together with certain available moneys of the City, will be deposited into (a) redemption accounts with respect to the Refunded Series 2009A Bonds and the Refunded Series 2009C Bonds (the “Series 2009 Redemption Accounts”) established pursuant to the First Supplemental Senior Trust Indenture, and (b) separate escrow funds for the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds (the “Series 2010 Escrow Funds”) to be established under the terms of an escrow agreement to be entered into by the City and the Senior Trustee, as trustee and escrow agent. Amounts deposited into the Series 2009 Redemption Accounts will be held uninvested in cash and will be used on April 29, 2020 to pay the redemption price of and interest on the Refunded Series 2009A Bonds and the Refunded Series 2009C Bonds. Certain amounts deposited into the Series 2010 Escrow Funds will be invested in direct, noncallable obligations of the United States Treasury and all remaining amounts deposited into the Series 2010 Escrow Funds will be held uninvested in cash. Amounts on deposit in the Series 2010 Escrow Funds will be used on June 1, 2020 to pay the principal or redemption price of and interest on the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds.

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will verify that (a) the deposits to the Series 2009 Redemption Accounts will be sufficient to pay on April 29, 2020 the redemption price of and accrued interest on the Refunded Series 2009A Bonds and the Refunded Series 2009C Bonds, and (b) the Escrow Securities and the earnings thereon and the uninvested cash to be held in the Series 2010 Escrow Funds, will be sufficient to pay on June 1, 2020 the principal and redemption price of and accrued interest on the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds realized upon the sale of the Series 2020 Bonds and the implementation of the Plan of Finance described above:

	Series 2020A Bonds	Series 2020B Bonds	Series 2020C Bonds	Total
Sources of Funds				
Principal Amount	\$	\$		\$
Net Original Issue Premium/(Discount)				
Release from Series 2009 Debt Service Funds				
Release from Series 2010 Debt Service Funds				
Release from Series 2009 Reserve Accounts				
Release from Series 2010 Reserve Accounts				
<i>Total Sources</i>	\$	\$		\$
Uses of Funds				
Deposit to Construction Fund	\$	\$	-	\$
Deposit to Series 2009 Redemption Account				
Deposit to Reserve Account				
Deposit to Escrow Fund				
Deposit to Project Fund				
Deposit to Senior Reserve Fund				
Costs of Issuance ⁽¹⁾				
<i>Total Uses</i>	\$	\$		\$

¹ Includes Underwriters' discount, fees of the Senior Trustee, the Municipal Advisor, Bond Counsel, Disclosure Counsel, the Verification Agent, printing expenses and miscellaneous fees and expenses.

DESCRIPTION OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2020 Bonds will be dated their date of delivery, and will bear interest from that date payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2020 (each an "Interest Payment Date"). Interest due and payable on the Series 2020 Bonds on any Interest Payment Date will be paid to the person who is the registered owner (Cede & Co., so long as the book-entry system with The Depository Trust Company ("DTC") is in effect) as of the close of business on the 15th day of the calendar month next preceding such Interest Payment Date (a "Record Date"). Each Series 2020 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2020 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2020 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to May 15, 2020, in which event such Series 2020 Bond will bear interest from its date of initial delivery. If interest on the Series 2020 Bonds is in default, Series 2020 Bonds issued in exchange for Series 2020 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2020 Bonds surrendered.

The Series 2020 Bonds will be issued in denominations of \$5,000 or integral multiples thereof. The Series 2020 Bonds will be issued in fully registered form and, when issued, 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 2020 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2020 Bonds purchased. So long as Cede & Co., as nominee

of DTC, is the registered owner of the Series 2020 Bonds, references herein to the holders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Series 2020 Bonds.

So long as Cede & Co. is the registered owner of the Series 2020 Bonds, principal of and interest on the Series 2020 Bonds are payable by wire transfer by the Senior Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Series 2020A Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2020A Bonds maturing on or after June 1, 20__ are subject to redemption prior to maturity, at the option of the City, on or after June 1, 20__, in whole or in part, at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2020B Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2020B Bonds maturing on or after June 1, 20__ are subject to redemption prior to maturity, at the option of the City, on or after June 1, 20__, in whole or in part, at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2020C Bonds maturing on or before June 1, 20__ are not subject to optional redemption prior to maturity. The Series 2020C Bonds maturing on or after June 1, 20__ are subject to redemption prior to maturity, at the option of the City, on or after June 1, 20__, in whole or in part, at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2020C Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption. The Senior Trustee will give notice of redemption, in the name of the City, to Bondholders affected by such redemption at least 30 days but not more than 60 days before each redemption date, send such notice of redemption by first class mail (or with respect to Series 2020 Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each Bondholder of a Series 2020 Bond to be redeemed. Each such notice will be sent to the Bondholder’s registered address.

Each notice of redemption will specify the Series, maturity date, interest rate and CUSIP number of each Series 2020 Bond to be redeemed, the date of issue, if less than all Series 2020 Bonds of a Series, maturity date and interest rate are called for redemption the numbers of the Series 2020 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Senior Trustee’s name, that payment will be made upon presentation and surrender of the Series 2020 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The City may provide that, if at the time of mailing of notice of an optional redemption there will not have been deposited with the Senior Trustee moneys sufficient to redeem all the Series 2020 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Senior Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be cancelled and on such cancellation date notice will be mailed to the Bondholders of such Series 2020 Bonds to be redeemed.

Failure to give any required notice of redemption as to any particular Series 2020 Bonds will not affect the validity of the call for redemption of any Series 2020 Bonds in respect of which no failure occurs.

Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2020 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Senior Trustee sufficient for redemption, interest on the Series 2020 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Effect of Redemption. On the date so designated for redemption, notice having been given as aforesaid and sufficient moneys for payment of the redemption price being held in trust by the Senior Trustee to pay the redemption price, interest on such Series 2020 Bonds will cease to accrue from and after such redemption date, such Series 2020 Bonds will cease to be entitled to any lien, benefit or security under the Senior Indenture and the Bondholders of such Series 2020 Bonds will have no rights in respect thereof except to receive payment of the redemption price.

Series 2020 Bonds called for redemption and for the payment of the redemption price of which moneys will be held in trust for the Bondholders of the Series 2020 Bonds to be redeemed, all as provided in the Third Supplemental Senior Indenture, will not be deemed to be Outstanding under the provisions of the Senior Indenture.

Selection of Series 2020 Bonds for Redemption; Partial Redemption. The Series 2020 Bonds are subject to redemption in such order of maturity and interest rate as the City may direct and by lot, selected in such manner as the Senior Trustee (or DTC, as long as DTC is the securities depository for the Series 2020 Bonds) deems appropriate, within a Series, maturity date and interest rate.

Upon surrender of a Series 2020 Bond to be redeemed, in part only, the Senior Trustee will authenticate for the Bondholder a new Series 2020 Bond or Series 2020 Bonds of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2020 Bond surrendered.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

Following is a summary of certain provisions of the Senior Indenture, including, among other things, sections of the Senior Indenture detailing the pledge of Net Revenues (including PFC Revenues), the rate covenant, the funding and utilization of the Senior Reserve Fund, and the issuance of Additional Senior Bonds. These summaries are not comprehensive or definitive. See “APPENDIX B—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SENIOR INDENTURE AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE—SUMMARY OF THE MASTER SENIOR INDENTURE” for a more complete description of these provisions of the Senior Indenture.

Pledge of Net Revenues

The Series 2020 Bonds are special limited obligations of the City, payable solely from and secured by a pledge of Net Revenues (including PFC Revenues with respect to the PFC Eligible Portion of the Series 2020A Bonds and the Series 2020B Bonds) derived by the City from the operations of the Enterprise, and such other amounts, funds and accounts pledged therefor under the Master Senior Indenture, as further described herein.

The Master Senior Indenture defines “*Net Revenues*” to mean, for any given period, the Revenues (as defined below) for such period, less the Maintenance and Operation Costs (as defined below) for such period.

The Master Senior Indenture defines “*Revenues*” to mean, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the City from the operation and ownership of the Enterprise, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or

owed to the City for the use or availability of the Enterprise, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the City, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Enterprise and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to the Enterprise or activities or undertakings related thereto. Additionally, "Revenues" include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a Supplemental Senior Indenture to fund the Construction Fund) from the investment of amounts held in the Enterprise Fund, any Construction Fund, any Senior Debt Service Fund (except Capitalized Interest on deposit therein), the Senior Reserve Fund, any Senior Debt Service Reserve Fund and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Senior Indenture. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Bonds, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Senior Bonds (except to the extent Net Proceeds are utilized to pay Maintenance and Operation Costs), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in the Master Senior Indenture). In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Senior Indenture: (A) any Swap Termination Payments paid to the City pursuant to a Qualified Swap, (B) Facilities Construction Credits, (C) Passenger Facility Charges unless otherwise so pledged under the terms of any Supplemental Senior Indenture, (D) Customer Facility Charges unless otherwise so pledged under the terms of any Supplemental Senior Indenture, (E) Federal Direct Payments unless otherwise so pledged under the terms of any Supplemental Senior Indenture, (F) Released Revenues, (G) subject to (ii) in the previous sentence, grants and other charges authorized on or after the date of the Master Senior Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Enterprise, (H) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Senior Bonds, (I) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (J) Capitalized Interest. Further, interest earnings or other investment earnings on any Construction Fund established by any Supplemental Senior Indenture are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Senior Indenture.

As described in the previous paragraph, Revenues do not include Passenger Facility Charges unless otherwise designated as Revenues and pledged pursuant to a Supplemental Senior Indenture. Pursuant to the Third Supplemental Senior Indenture, the City will irrevocably designate Passenger Facility Charges as Revenues in an amount equal to the lesser of (a) 125% of the Aggregate Annual Debt Service on the PFC Eligible Portion of all Senior Bonds (including the Series 2020 Bonds), and (b) the total amount of Passenger Facility Charges received by the City in a Fiscal Year. Approximately 18% of the proceeds of the Series 2020A Bonds and approximately 85% of the proceeds of the Series 2020B Bonds will be used to refinance projects for which the City has received FAA approval to fund with Passenger Facility Charges. Therefore, Passenger Facility Charges equal to the lesser of (a) 125% of the Aggregate Annual Debt Service on approximately 18% of the Series 2020A Bonds and approximately 85% of the Series 2020B Bonds, and (b) the total amount of Passenger Facility Charges received by the City in a Fiscal Year will be included in Revenues and therefore pledged to the Series 2020A Bonds and the Series 2020B Bonds. At the time of issuance of the Series 2020 Bonds, only the PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds will be secured by PFC Revenues. Pursuant to the PFC Act (as defined herein), the PFC Regulations (as defined herein) and the Third Supplemental Senior Indenture, PFC Revenues are only available to pay debt service on the PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds. The non-PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds and all of the Series 2020C Bonds

will be only secured by and payable from Net Revenues, not including any PFC Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Flow of Funds,” “AIRPORT FINANCIAL MATTERS—PFC Program” and “CERTAIN INVESTMENT CONSIDERATIONS.

The Master Senior Indenture defines “*Maintenance and Operation Costs*” to mean, reasonable and necessary costs paid or incurred by the City for maintaining and operating the Enterprise, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including all administrative costs of the City that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, assessments for public improvements and including all other reasonable and necessary costs of the City or charges required to be paid by the City in order to comply with the terms hereof; but excluding in all cases payments in lieu of taxes to be paid by the Enterprise to the City, depreciation, replacement and obsolescence charges or reserves therefor, any principal payment in respect of capital leases or indebtedness including the Senior Bonds, amortization or intangibles and any Maintenance and Operation Costs payable from moneys other than Revenues.

THE SERIES 2020 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF NET REVENUES (INCLUDING PFC REVENUES) DERIVED BY THE CITY FROM THE OPERATIONS OF THE ENTERPRISE, AND SUCH OTHER AMOUNTS, FUNDS AND ACCOUNTS PLEDGED UNDER THE SENIOR INDENTURE. NONE OF THE PROPERTIES OF THE ENTERPRISE AND THE AIRPORT ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN (EXCEPT FOR THE LIEN CREATED BY THE SENIOR INDENTURE ON THE NET REVENUES) FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2020 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 BONDS.

Flow of Funds

Pursuant to the Master Senior Indenture, the City covenants that all Revenues will be received by the City in trust thereunder and will be deposited when and as received in the Enterprise Fund maintained by the City Treasurer, and all moneys in the Enterprise Fund will be applied and used as provided in the Master Senior Indenture. Pursuant to the Third Supplemental Senior Indenture, the City covenants that so long as PFC Revenues are pledged under the Senior Indenture, all Passenger Facility Charges will be received by the City in trust and will be deposited when and as received in the PFC Account in the Enterprise Fund maintained by the City Treasurer. All amounts in the PFC Account will be applied and used as provided in the Third Supplemental Senior Indenture.

Disposition of Revenues. As long as there are any Outstanding Senior Bonds, all Revenues (not including PFC Revenues) will be deposited in the Enterprise Fund and will be set aside for the payment of the following amounts or deposited or transferred to the following funds and accounts in the order listed (see “Disposition of Passenger Facility Charges” below for a description of the deposit of and timing of deposits of the Passenger Facility Charges):

FIRST, the City will pay all Maintenance and Operations Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required) from the Enterprise Fund as they become due and payable;

SECOND, a sufficient amount of Revenues will be transferred or caused to be transferred by the City, without priority and on an equal basis, except as to timing of payment, (A) to the Senior Trustee for deposit in the respective Senior Debt Service Funds in the amounts, at the times and in the manner provided in the Master

Senior Indenture, to provide for the payment of the principal of and interest to become due on the Outstanding Senior Bonds and (B) such other parties for the payment of amounts, other than principal and interest, due on the Outstanding Senior Bonds;

THIRD, a sufficient amount of Revenues will be transferred or caused to be transferred by the City, without priority and on an equal basis, except as to timing of payment to the Senior Reserve Fund and the Senior Debt Service Reserve Funds, if any, at the times and in such amounts as specified in the Master Senior Indenture and any Supplemental Senior Indenture to be used in the manner provided therein;

FOURTH, a sufficient amount of Revenues will be transferred or caused to be transferred by the City to the Subordinate Trustee or such other parties such amounts and, at such times, as are sufficient to pay the debt service on any indebtedness, including Subordinate Obligations, issued pursuant to the terms of the Subordinate Indenture or other agreement, but only to the extent (except as otherwise provided in the Master Senior Indenture) a specific pledge of Net Revenues has been made in writing to the payment of debt service on such indebtedness;

FIFTH, a sufficient amount of Revenues will be transferred or caused to be transferred by the City to the Subordinate Trustee or such other parties such amounts and, at such times, as are sufficient to pay any debt service reserve fund requirement for any indebtedness, including Subordinate Obligations, issued pursuant to the terms of the Subordinate Indenture, but only to the extent a specific pledge of Net Revenues has been made in writing to the payment of any such debt service reserve fund requirement on such indebtedness; and

SIXTH, to the payment of the amounts required to be deposited in the Maintenance and Operating Reserve Fund as determined by the City pursuant to the Master Senior Indenture.

All moneys and investments on deposit in the Enterprise Fund and not on deposit in any of the funds or accounts or used for any of the purposes provided for above, will remain on deposit in the Enterprise Fund and used by the City for any lawful purpose.

Disposition of Passenger Facility Charges. So long as PFC Revenues are designated as Revenues under the Senior Indenture, all Passenger Facility Charges received by the City will be deposited in the PFC Account in the Enterprise Fund.

On the first Business Day of each month, amounts on deposit in the PFC Account will be transferred by the City to the PFC Debt Service Subaccount in the PFC Account until the amount on deposit in the PFC Debt Service Subaccount is equal to the PFC Interest Requirement and the PFC Principal Requirement. A sufficient amount of PFC Revenues credited to the PFC Debt Service Subaccount will be transferred to the Senior Trustee in a timely manner in accordance with the terms of the Master Senior Indenture for deposit to the Senior Debt Service Funds (including the Series 2020 Senior Debt Service Funds), to provide for the payment of the principal of and interest to become due on the PFC Eligible Portion of the Bonds (including a portion of the Series 2020 Bonds).

The Third Supplemental Senior Indenture defines “*PFC Interest Requirement*” to mean the amount of interest coming due on the next Payment Date with respect to the PFC Eligible Portion of the Bonds, net of any amounts deposited in the PFC Debt Service Subaccount or any Senior Debt Service Fund which are available to pay interest on the PFC Eligible Portion of the Bonds.

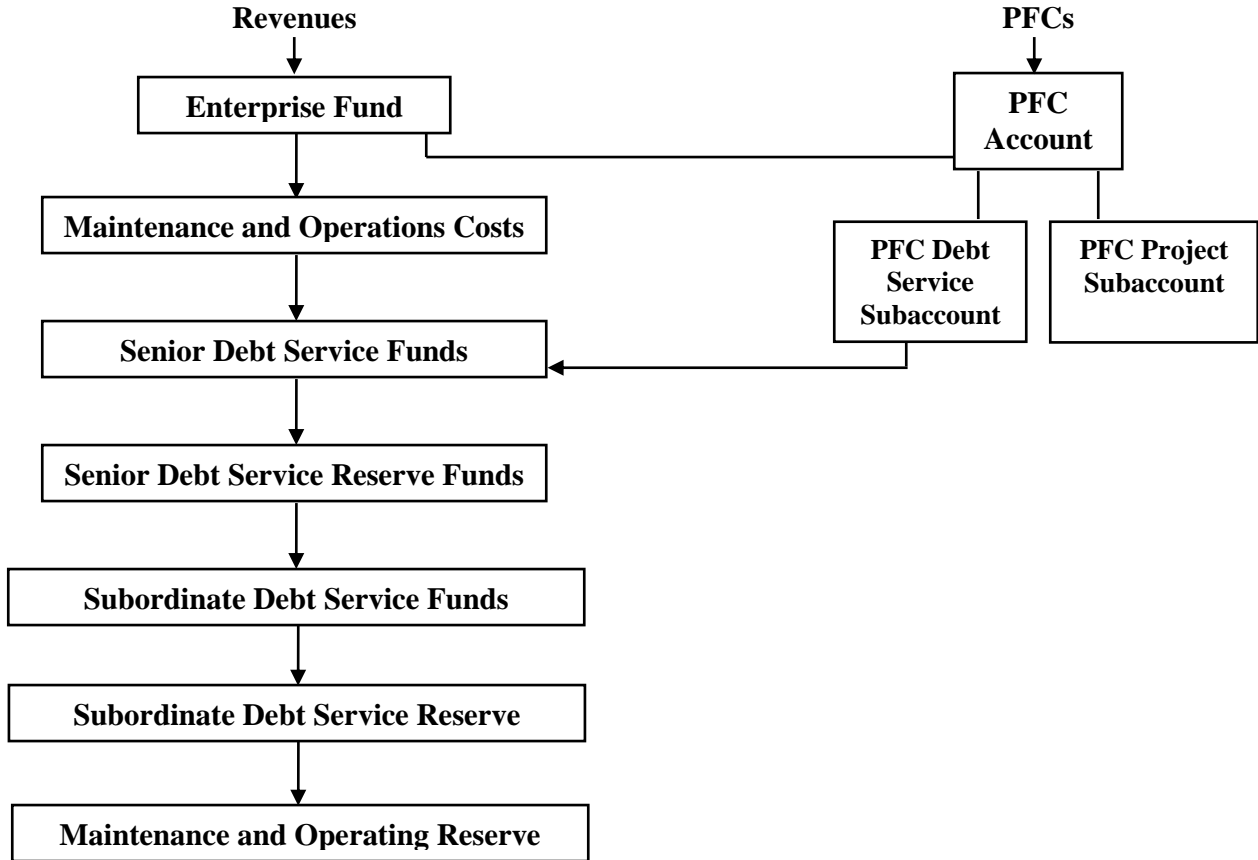
The Third Supplemental Senior Indenture defines “*PFC Principal Requirement*” to mean the amount of principal coming due on the next Payment Date with respect to the PFC Eligible Portion of the Bonds, net of any amounts deposited in the PFC Debt Service Subaccount or any Senior Debt Service Fund which are available to pay the principal of the PFC Eligible Portion of the Bonds.

Any amounts remaining on deposit in the PFC Account after all required deposits have been made to the PFC Debt Service Subaccount will be transferred to the PFC Project Subaccount. The City will not transfer any amounts on deposit in the PFC Account to the PFC Project Subaccount until the City has made all required deposits to the PFC Debt Service Subaccount as described in the previous paragraph. Amounts credited to the PFC Project Subaccount will be applied to any lawful purpose relating to the Enterprise as permitted by the PFC Act (as defined herein) and as the City may from time to time determine, including, but not limited to, the payment of principal and/or interest due on the Series 2020 Bonds.

All moneys and investments on deposit in the PFC Account and not on deposit in any of the funds or accounts or used for any of the purposes provided for above, will remain on deposit in the PFC Account and used by the City for any lawful purpose.

The following chart provides a graphic presentation of the flow of funds described above, including the flow of Passenger Facility Charges.

**Long Beach Airport
Flow of Funds**



Rate Covenant

(a) Under the Master Senior Indenture, the City has covenanted that while any of the Series 2020 Bonds remain Outstanding (but subject to all existing contracts and legal obligations of the City as of the date of execution of the Master Senior Indenture setting forth restrictions relating thereto), it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Enterprise and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the Annual Debt Service on any Outstanding Senior Bonds required to be funded by the City in such Fiscal Year as required by the Master Senior Indenture or any Supplemental Senior Indenture with respect to the Outstanding Senior Bonds;

(ii) the required deposits to the Senior Reserve Fund or any Senior Debt Service Reserve Fund which may be established by a Supplemental Senior Indenture;

(iii) the reimbursement or repayment of other amounts owed to any Credit Provider or Liquidity Provider as required by a Supplemental Senior Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for Outstanding Senior Bonds, including Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations.

(b) The City has further covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Enterprise and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Transfer (as defined below), will be equal to at least 125% of Annual Debt Service on the Outstanding Senior Bonds in such Fiscal Year. For purposes of this paragraph, the amount of any Transfer taken into account will not exceed 25% of the Annual Debt Service on the Outstanding Senior Bonds in such Fiscal Year.

“*Transfer*” is defined in the Master Senior Indenture to mean for any Fiscal Year the amount on deposit in the Coverage Deposit Account on the first day of such Fiscal Year and the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, in the Enterprise Fund (other than the amounts on deposit in the Coverage Deposit Account) on the first day of such Fiscal Year (after all required deposits and payments have been made as described under “—Flow of Funds—Disposition of Revenues” above).

In determining compliance with paragraph (b) above, PFC Revenues may not be applied to or assumed to pay Annual Debt Service on any non-PFC Eligible Portion of the Senior Bonds. Additionally, no PFC Revenues or Passenger Facility Charges may be included in Transfer.

If Net Revenues, together with any Transfer (as applied in accordance with paragraph (b) above), in any Fiscal Year are less than the amount specified in paragraphs (a) and (b) above, the City will retain and direct a Consultant to make recommendations as to the revision of the operations of the Enterprise and its schedule of rentals, rates, tolls, fees and charges for the use of the Enterprise and for services rendered by the City in connection with the Enterprise, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the City will take all lawful measures to revise the schedule of rentals, rates, tolls, fees and charges as may be necessary to produce Net Revenues in the amounts specified in paragraphs (a) and (b) above in the next succeeding Fiscal Year.

In the event that Net Revenues (including PFC Revenues, as applicable) for any Fiscal Year are less than the amount specified in paragraphs (a) and (b) above, but the City promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, tolls, fees and charges as described in the preceding paragraph, such deficiency in Net Revenues will not constitute an Event of Default under the Master Senior Indenture. Nevertheless, if after taking the measures required by the preceding paragraph to revise the schedule of rentals, rates, tolls, fees and charges, Net Revenues (including PFC Revenues, as applicable) in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the City for such Fiscal Year) are less than the amount specified in paragraphs (a) and (b) above, such deficiency in Net Revenues (including PFC Revenues, as applicable) will constitute an Event of Default under the Master Senior Indenture. See “APPENDIX B—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SENIOR INDENTURE AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE—SUMMARY OF THE MASTER SENIOR INDENTURE—Defaults and Remedies.” See also “CERTAIN INVESTMENT CONSIDERATIONS—Rate Covenant Not a Guarantee; Failure To Meet Projections.”

Senior Debt Service Deposits

The Master Senior Indenture provides that the City will not later than the fifteenth day of each calendar month, transfer from the Enterprise Fund (including the PFC Account) to the Senior Trustee for deposit in the Senior Debt Service Fund established in respect of each Series of Outstanding Senior Bonds: (i) sums in equal fractional parts for each one half year so that at least the full amount required to pay the interest on the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the fifteenth day of the month prior to the date each installment of interest becomes due, (ii) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due at maturity, the Principal Amount of the Senior Bonds, will be set aside in the Senior Debt Service Funds by not later than the fifteenth day of the month prior to the date such principal amount becomes due, and (iii) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due, the sinking installment payment, if any, due with respect to the Senior Term Bonds will be set aside in the Senior Debt Service Funds by not later than the fifteenth day of the month prior to the date such sinking installment payment becomes due.

Senior Reserve Fund

Pursuant to the Master Senior Indenture, the City established the Senior Reserve Fund (the “Senior Reserve Fund”) with the Senior Trustee to secure any Senior Bonds the City elects to participate in the Senior Reserve Fund. At the time of issuance of the Series 2020 Bonds, the City will elect to have the Series 2020 Bonds participate in the Senior Reserve Fund. At the time of issuance of any Additional Senior Bonds, the City also may elect to have such Additional Senior Bonds participate in the Senior Reserve Fund.

The Senior Reserve Fund is required to be funded at all times in an amount equal to the Reserve Requirement. The Reserve Requirement is equal to the lesser of (a) Maximum Aggregate Annual Debt Service For Reserve Requirement for all Series of Senior Bonds participating in the Senior Reserve Fund, (b) 10% of the principal amount of the Senior Bonds participating in the Senior Reserve Fund, less the amount of original issue discount with respect to any Senior Bond participating in the Senior Reserve Fund if such original issue discount exceeded 2% on such Senior Bond at the time of its original sale, and (c) 125% of the average Aggregate Annual Debt Service For Reserve Requirement for all Series of Senior Bonds participating in the Senior Reserve Fund. At the time of issuance of the Series 2020 Bonds, the Reserve Requirement will be met by funds currently on deposit in the Senior Reserve Fund into the Senior Reserve Fund. The Reserve Requirement upon the issuance of the Series 2020 Bonds will be equal to \$_____ and will be fully funded with cash and securities.

Moneys or investments held in the Senior Reserve Fund will be used for the purpose of paying principal of and interest on the Series 2020 Bonds and any other Senior Bonds participating in the Senior Reserve Fund on a basis *pari passu* with all Senior Bonds then participating in the Senior Reserve Fund. If, on

any Payment Date, the amounts in the Senior Debt Service Funds for the Series 2020 Bonds and any other Senior Bonds participating in the Senior Reserve Fund are insufficient to pay in full the amount then due on such Senior Bonds, moneys held in the Senior Reserve Fund will be used for the payment of principal of and interest thereon.

The City may fund all or a portion of the Reserve Requirement with a Reserve Fund Surety Policy. A Reserve Fund Surety Policy may be an insurance policy, a surety bond or a letter of credit, deposited with the Senior Trustee for the credit of the Senior Reserve Fund, which is provided by an institution rated in one of the two highest long term rating categories at the time the Reserve Fund Surety Policy is deposited with the Senior Trustee. Any such Reserve Fund Surety Policy must either extend to the maturity of the Series of Senior Bonds of the longest maturity then Outstanding and participating in the Senior Reserve Fund, or the City must agree, by Supplemental Senior Indenture, that it will replace such Reserve Fund Surety Policy prior to its expiration with another Reserve Fund Surety Policy which will have no adverse effect on the ratings, if any, then in effect on the Senior Bonds participating in the Senior Reserve Fund, or with cash.

At the time of issuance of the Series 2020 Bonds, the Senior Reserve Fund will be funded with cash and securities and no portion of the Senior Reserve Fund will be funded with a Reserve Fund Surety Policy.

Additional Senior Bonds

Additional Senior Bonds may be issued under the Master Senior Indenture on a parity with the Series 2020 Bonds, provided, among other things, that there is first delivered to the Senior Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by an Authorized City Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Series of Senior Bonds, calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by a Consultant showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or the establishment of a Program, were at least equal to 125% of the sum of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Senior Bonds (not including the proposed Series of Senior Bonds or the proposed Senior Program Bonds) for such Fiscal Year or other applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds during which no interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Senior Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Series of Senior Bonds (calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding).

[The certificate described in (a) above is expected to be delivered by the City at the time of issuance of the Series 2020 Bonds.]

For purposes of paragraph (b)(ii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Maintenance and Operation Costs, the Consultant will use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Maintenance and Operation Costs, (ii) Maintenance and Operation Costs associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the City, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and will also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, PFC Revenues may not be applied to or assumed to pay Maximum Aggregate Annual Debt Service or Aggregate Annual Debt Service on non-PFC Eligible Portions of the Bonds. Additionally, when preparing the certificate described in paragraph (b)(ii) above, (a) the Consultant may assume (i) that the rate of the levy of Passenger Facility Charges in effect on the date of the certificate will be in effect for the entire forecast period, or (ii) a higher rate of levy to the extent legislation has been enacted to permit an increase in the rate of the levy of Passenger Facility Charges if the City has taken all action required to impose and use such increased charges at the Airport pursuant to such legislation prior to the date of the Consultant's certificate; and (b) the Consultant, in estimating Net Revenues, will assume that the percentage of enplaned passengers subject to Passenger Facility Charges during the forecast period will not exceed the average percentage during the three Fiscal Years immediately preceding the Fiscal Year in which the proposed Series of Bonds are being issued.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized City Representative may rely upon financial statements prepared by the City which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized City Representative will certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described under paragraph (a) or (b) above will be required:

(A) if the Senior Bonds being issued are for the purpose of refunding then Outstanding Senior Bonds and there is delivered to the Senior Trustee, instead, a certificate of an Authorized City Representative showing that Aggregate Annual Debt Service for each Fiscal Year after the issuance of such Refunding Senior Bonds will not exceed the Aggregate Annual Debt Service for each Fiscal Year prior to the issuance of such Refunding Senior Bonds;

(B) if the Senior Bonds being issued constitute Senior Notes and there is delivered to the Senior Trustee, instead, a certificate prepared by an Authorized City Representative showing that the principal amount of the proposed Senior Notes being issued, together with the principal amount of any Senior Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Senior Notes and there is delivered to the Senior Trustee a certificate of an Authorized City Representative setting forth calculations showing that for each of the Fiscal Years during which the Senior Notes will be Outstanding, and taking into account the debt service becoming due on such Senior Notes, the City will be in compliance with the rate covenant under the Senior Indenture; or

(C) if the Senior Bonds being issued are to pay costs of completing a Project for which Senior Bonds have previously been issued and the principal amount of such Senior Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Senior Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized City Representative and there is delivered to the Senior Trustee (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized City Representative to the effect that (x) all of the proceeds (including investment earnings on amounts in the Construction Fund allocable to such Project) of the original Senior Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (y) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Senior Bonds previously issued for such purpose) and (z) the proceeds to be received from the issuance of such Senior Bonds plus moneys available in the Construction Fund established for the Project (including unspent proceeds of the Senior Bonds previously issued for such purpose) will be sufficient to pay the remaining estimated Costs of the Project.

PFC Covenants

The City will covenant that so long as Passenger Facility Charges are designated as Revenues by the City, it will comply with all provisions of the PFC Act and the PFC Regulations applicable to the City and all provisions of the PFC Approvals, and will not take any action or omit to take any action with respect to the Passenger Facility Charges, any PFC Projects (including the PFC Projects being refinanced with a portion of the proceeds of the Series 2020A Bonds and the Series 2020B Bonds), the Enterprise, or otherwise if such action or omission would, pursuant to the PFC Act and the PFC Regulations, cause the termination of the City's ability to impose Passenger Facility Charges or prevent the use of the Passenger Facility Charges as contemplated by the Senior Indenture. The City will covenant that all moneys in the PFC Account, the PFC Debt Service Subaccount and the PFC Project Subaccount will be used in compliance with all provisions of the PFC Act, the PFC Regulations and the PFC Approvals applicable to the City. Without limiting the generality of the foregoing, so long as Passenger Facility Charges are designated as Revenues by the City, the City will covenant, that, to the extent necessary to comply with the foregoing covenants:

(a) it will diligently seek approval to impose and use Passenger Facility Charges for the PFC Projects (including the PFC Projects being refinanced with a portion of the proceeds of the Series 2020A Bonds and the Series 2020B Bonds) within the time periods set forth in the PFC Regulations and will begin implementation of such PFC Projects (including the PFC Projects being refinanced with a portion of the proceeds of the Series 2020A Bonds and the Series 2020B Bonds) within the time periods set forth in the PFC Regulations;

(b) it (i) will impose a Passenger Facility Charge to the full extent approval by the FAA for the Airport and (ii) will not unilaterally decrease the level of (ii) the Passenger Facility Charges to be collected from any passenger;

(c) it will not impose any noise or access restrictions at the Airport not in compliance with the Airport Noise and Capacity Act of 1990 (the "Noise Act"), if the imposition of such restriction may result in the termination or suspension of the City's ability to impose or use Passenger Facility Charges at the Airport prior to the charge expiration date or the date the total approved Passenger Facility Charge has been collected;

(d) it will take all action necessary to cause all collecting air carriers to collect and remit to the City all Passenger Facility Charges at the Airport required by the PFC Regulations to be so collected and remitted; and

(e) it will contest any attempt by the FAA to terminate or suspend the City's ability to impose, receive or use Passenger Facility Charges at the Airport prior to the charge expiration date or the date the total approved Passenger Facility Charge has been collected.

See "AIRPORT FINANCIAL MATTERS—PFC Program."

Permitted Investments

Moneys held by the City and/or Senior Trustee under the Senior Indenture may be invested as directed by the City in Permitted Investments, subject to the restrictions set forth in the Senior Indenture and subject to restrictions imposed on the City. See "APPENDIX B—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SENIOR INDENTURE AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE."

Events of Default and Remedies; No Acceleration

Events of Default under the Senior Indenture and related remedies are described in "APPENDIX B—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SENIOR INDENTURE AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE—THE MASTER SENIOR INDENTURE—Events of Default and Remedies." The occurrence of an Event of Default does not grant any right to accelerate payment of the Senior Bonds (including the Series 2020 Bonds) to the Senior Trustee, the Subordinate Trustee or the Bondholders of the Senior Bonds (including the Series 2020 Bonds) or the Subordinate Airport Commercial Paper Notes. The Senior Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including proceedings to enforce the obligations of the City under the Senior Indenture.

Senior Repayment Obligations

Under certain circumstances the obligation of the City, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a "Senior Repayment Obligation") may be secured by a pledge of and lien on Net Revenues on a parity with the Senior Bonds (including the Series 2020 Bonds). If a Credit Provider or Liquidity Provider advances funds to pay principal of or to purchase Senior Bonds, all or a portion of the City's Senior Repayment Obligation may be afforded the status of a Senior Bond under the Master Senior Indenture. The City currently does not have any Senior Repayment Obligations outstanding. See "APPENDIX B—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SENIOR INDENTURE AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE—THE MASTER SENIOR INDENTURE—Repayment Obligations Afforded Status of Senior Bonds."

Subordinate Obligations

The City may, from time to time, incur indebtedness which is subordinate with respect to the lien and pledge on Net Revenues to the Senior Bonds (including the Series 2020 Bonds). Such indebtedness is referred to herein as "Subordinate Obligations." Such indebtedness may be incurred at such times and upon such terms as the City determines, provided that:

(a) any indenture authorizing the issuance of any Subordinate Obligations specifically states that such lien on or security interest granted in the Net Revenues and the other security set forth in the Granting Clause of the Master Senior Indenture is junior and subordinate to the lien on and security interest in such Net Revenues and the other security set forth in the Granting Clause of the Master Senior Indenture and other assets granted to secure the Senior Bonds (including the Series 2020 Bonds); and

(b) payment of the principal of and interest and other amounts due on such Subordinate Obligations will be permitted, provided that all deposits and payments with respect to Maintenance and Operation Costs, debt service on the Senior Bonds (including the Series 2020 Bonds), the Senior Reserve Fund

and any other Senior Debt Service Reserve Fund required to be made pursuant to the Master Senior Indenture have been made or satisfied.

There are no Subordinate Obligations currently outstanding.

Future Financings

After the issuance of the Series 2020 Bonds, the City has no current plans to issue Additional Senior Bonds and/or additional Subordinate Obligations.

Special Facility Obligations

The City may designate an existing facility or a planned facility as a “Special Facility” and may incur indebtedness to acquire, construct, renovate or improve such facility or to finance the acquisition, construction, renovation or improvement thereof by a third party. Additionally, the City may provide that certain contractual payments derived from or related to such Special Facility, together with other income and revenues available therefrom, will constitute “Special Facilities Revenue” and will not be included as Revenues. Such indebtedness will constitute a “Special Facility Obligation” and will be payable solely from the Special Facilities Revenue. When Special Facility Obligations issued for a Special Facility (including Special Facility Obligations issued to refinance Special Facility Obligations) are fully paid or otherwise discharged, all revenues received by the City from such facility will be included as Revenues. The Master Senior Indenture provides that to the extent Special Facility Revenues exceed the amounts required to pay the principal of and interest on Special Facility Obligations when due, and to the extent not otherwise encumbered, the excess may constitute Revenues as determined by the City.

The City does not currently have any outstanding Special Facility Obligations.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements on the Series 2020 Bonds

**TABLE 1
DEBT SERVICE REQUIREMENTS OF SERIES 2020 BONDS**

Bond Year Ending June 1	Series 2009 and Series 2010 Bonds(1)(2)	Principal of the Series 2020A Bonds	Interest on the Series 2020A Bonds	Principal of the Series 2020B Bonds	Interest on the Series 2020B Bonds	Principal of the Series 2020C Bonds	Interest on the Series 2020C Bonds	Total
2020	\$9,267,350							
2021	9,268,550							
2022	9,265,425							
2023	9,262,271							
2024	9,216,041							
2025	9,171,733							
2026	9,126,755							
2027	9,070,694							
2028	9,012,267							
2029	8,960,845							
2030	8,890,296							
2031	8,822,219							
2032	8,753,685							
2033	8,683,806							
2034	8,606,695							
2035	8,526,574							
2036	8,442,556							
2037	8,348,753							
2038	8,259,387							
2039	8,157,932							
2040	4,068,750							

(1) Does not take into account the receipt by the City of any Federal Direct Payments with respect to the Series 2009C Bonds.

(2) To be refunded with a portion of the proceeds of the Series 2020 Bonds.

THE AIRPORT

General

The Airport, originally called Earl S. Daugherty Field, is located in Los Angeles County, in the geographic center of the City of Long Beach. The Airport is strategically located halfway between the Los Angeles County and Orange County business centers, a location which provides access to the region's major freeways.

The Airport had its origins in 1923 when the City Council set aside 150 acres of property for that purpose. During the late 1940's and 1950's, major land acquisitions occurred and the Enterprise grew to its present 1,166 acres.

Governance of the Airport

The Airport is operated as a department of the City and is under the direction of the City Manager. The Mayor and City Council set policy for and serve as the Board of Directors for the Airport. The City Manager implements policy and supervises the planning, development, management and operations of the Airport, and with the approval of the City Council, has the power to enter into contracts, leases and agreements for the use of the Airport and of Enterprise property and facilities. The City Council has the power to establish schedules fixing all fees and charges. Following are brief biographies of certain City and Airport officials.

Thomas B. Modica, Acting City Manager. Mr. Modica started his role as Acting City Manager on September 21, 2019. As Acting City Manager, Mr. Modica is focused on using innovation and data to aid the City's efforts to end homelessness; recruiting and maintaining highly qualified employees by streamlining the City's hiring process and enhancing employee communication and engagement; and planning for the City's future, including a commitment to strong fiscal management. Mr. Modica has worked for the City of Long Beach since 2002. In his subsequent 17 years with the City, Mr. Modica has served in a number of roles, including Assistant to the City Manager, Government Affairs Manager, Director of Government Affairs and Strategic Initiatives, Deputy City Manager and Acting Director of Development Services. He was appointed Assistant City Manager in 2014, where he was responsible for assisting the City Manager in operating the municipal enterprise, including oversight of City departments and leading special projects required to facilitate citywide priorities, programs and initiatives. Mr. Modica holds a master's degree in Public Administration.

Cynthia Guidry, Airport Director. Ms. Guidry was appointed Director of the Airport on June 11, 2019. She has worked for the Los Angeles World Airports (LAWA) for several years as the Deputy Executive Director of the Planning and Development Group (PDG). Ms. Guidry was responsible for managing LAWA's multibillion-dollar capital program, including the Midfield Satellite Concourse and many other airfield, terminal and landside improvements. Ms. Guidry is a Professional Engineer licensed from the State of California and has 27 years of planning, engineering, and professional experience working for the City of Los Angeles, 18 years with LAWA. She also serves on the Board of Directors for the Los Angeles Chapter of Women's Transportation Seminar (WTS). Ms. Guidry holds a master's degree in business administration from Pepperdine University and a Bachelor of Science degree in Civil Engineering from the University of California at Irvine.

Juan López-Rios, Deputy Director. Mr. López-Rios was appointed Deputy Director of the Airport in April 2016. Joining the City of Long Beach in April 2001, Mr. López-Rios has worked in various roles overseeing project development, economic development, and real estate leasing & acquisition activities for numerous departments including the departments of the Airport, Community Development, Public Works, Economic Development, and Parks, Recreation and Marine. From April 2008 to December 2011, Mr. López-Rios served as the Leasing and Development Officer for the newly formed Airport Department. Prior to working for the City of Long Beach, Mr. López-Rios worked for eight years for the University of California, Berkeley and the University of California, Irvine where his responsibilities included leadership development

and organizational management within the Departments of Housing and Residential Life. He received his bachelor of science degree in business and public administration with an emphasis in organizational management from the University of the Pacific and his master of science degree in education and administration from Colorado State University. Mr. López-Rios is a Certified Member of the American Association of Airport Executives (AAAE) and active with the Airports Council International – North America.

Claudia Lewis, Manager of Finance and Administration. Ms. Lewis was appointed Manager of Finance and Administration at the Airport in 2013. From February through July 2019 she served as the Airport's Interim Director. Her duties include oversight of Accounting, Audit, Commercial Management, Finance, Government Relations, Personnel/Human Resources, Public and Legislative Affairs, Revenue Development, and Risk Management functions at Long Beach Airport. Ms. Lewis has more than 20 years of experience in the public sector and has worked in a variety of departments for the City of Long Beach. Prior to joining the Long Beach Airport in 2008, she provided administrative and financial support to the Departments of Public Works, Water, Civil Service, the Port of Long Beach and the Long Beach Police Department, routinely serving as the department representative to key stakeholders on critical issues. Ms. Lewis holds a bachelor's degree in political science from the University of California at Irvine and a master's degree in business administration from California State University at Dominguez Hills. She is a Certified Member of the American Association of Airport Executives (AAAE) and active with the Airports Council International – North America.

Dale Worsham, Commercial Development Manager. Mr. Worsham manages the concession programs at the Airport including parking operations, ground transportation, rental car, food and beverage, and advertising. Mr. Worsham also oversees the personnel functions for the airport. Mr. Worsham has over 20 years of experience working in municipal government in various administrative roles.

Mony Chhey, Financial Services Officer. Mr. Chhey was appointed Financial Services Officer in October 2018. He has worked for the City of Long Beach for over 8 years in a financial role, with almost 5 of those years at the Airport. He has a wide range of experience dealing with grants, accounting, enterprise systems, budget, procurements and Airport finances. Mr. Chhey holds a bachelor's degree in business administration with a concentration in accountancy and is a certified member of the American Association of Airport Executives.

Kate Kuykendall, Public Affairs Officer. Ms. Kuykendall was appointed Public Affairs Officer for the Airport in 2019. In this role, she oversees branding, community relations, customer experience programming, and public information. Ms. Kuykendall has more than a decade of experience handling public affairs duties for government agencies, including seven years with the National Park Service and five with the U.S. Peace Corps. She holds a bachelor's degree in English from Hamilton College and a master's degree in public administration from the University of Southern California.

Ron Reeves, Operations and Facilities Manager. Mr. Reeves currently serves as the Operations and Facilities Manager at Long Beach Airport, Long Beach, California, overseeing the Operations, Engineering and Facilities Divisions. He has approximately twenty-eight years of aviation and airport management experience in both the public and private sectors. His experience includes high profile airport environmental planning projects and technical issues such as aircraft departure profile selection and other noise reduction measures at airports in North America, New Zealand and the Republic of China. He serves as a panelist with the National Academies' Airport Cooperative Research Program regarding airport environmental issues and as was a member of the FAA Design Review Group for the Aviation Environmental Design Tool. Mr. Reeves is a former naval aviator and LAX based commercial pilot.

Karl Zittel, Airport Operations Officer. Mr. Zittel has worked for the Airport for 18 years. Prior to this, he has worked for Boeing, formerly McDonnell Douglas, for 10 years in the development of commercial and military aircraft. Mr. Zittel holds a FAA certificate in private pilot rotorcraft helicopter and UAS.

Ambi Thurai, Airport Engineering Officer. Mr. Thurai has over 23 years of progressively responsible experience managing high performing professional staff and complex engineering construction projects, including 14 years in aviation management and leadership capacity. Mr. Thurai joined Long Beach Airport in 2016 as Airport Engineering Officer. Prior to joining Long Beach Airport, he worked for John Wayne Airport for ten years from 2006 to 2016. During that period, he served as a Senior Engineer from 2006 to 2011 and as Engineering Manager from 2011 to 2016. Before joining John Wayne Airport, he worked for California Department of Transportation for five years. He holds a bachelor of science degree in civil engineering from the University of Peradeniya, Sri Lanka and a master of science degree in civil engineering from the University of Nevada, Reno. Mr. Thurai is a registered Professional Engineer (P.E.) and a registered Geotechnical Engineer (G.E.). In addition, he holds a certificate for Project Management Professional (PMP).

Ryan McMullan, Noise and Environmental Affairs Officer. From 2015 to 2018, Mr. McMullan worked at Long Beach Airport as an Airport Operations Specialist II – Noise Analyst and Administrative Analyst II prior to being appointed Noise and Environmental Affairs Officer in September 2018. His current responsibilities include the enforcement of the provisions outlined in one of the most restrictive Noise Ordinances in the nation, overseeing the Airport’s Storm Water Pollution Prevention Plan (SWPPP) in addition to other environmental and sustainability programs, managing flight slot allocations and analysis of flight data and noise levels. Prior to serving the Airport, Mr. McMullan worked as an environmental noise consultant for a large engineering firm. He holds a Bachelor’s Degree in Political Science from the University of Illinois Urbana-Champaign and a Bachelor’s Degree in Acoustics from Columbia College Chicago. Mr. McMullan is a Certified Member of the American Association of Airport Executives (AAAE).

Scott Garrett, Facilities Management Officer. Mr. Garrett has over 30 years in the construction and maintenance fields, and nearly 18 years with the City of Long Beach in the Department of Public Works and the Long Beach Airport. For the last 15 years, Mr. Garrett has managed several critical facilities maintenance and construction projects at the Long Beach Airport. He has over 15 years of experience in airfield maintenance and meeting the FAA 139 inspections. Mr. Garrett holds several certifications including Airfield Lighting Computer System (ALCS) and Advance Control Equipment (ACE) training, National Incident Management System IS-00700, Incident Command System, and Airfield Marking.

Scott Korobkin, Superintendent of Airport Security. Mr. Korobkin was appointed Superintendent of Airport Security in January 2019. He has over 10 years’ experience in aviation Security specializing in contract management, critical infrastructure hardening, regulatory compliance, and oversight of Airport Security Plans (ASP), Exclusive Area Agreements (EAA) and Airport Terminal Security Plans (ATSP). Mr. Korobkin is responsible for all administrative and operational functions relative to CFR Part 1542 Airport Security at Long Beach Airport. Prior to serving the Airport, Mr. Korobkin worked for the Port Authority of New York and New Jersey at LaGuardia Airport and the City of Portland at the Portland International Jetport. Mr. Korobkin is an American Association of Airport Executives (AAAE) Certified Member (C.M) and AAAE ACE trusted agent.

Employer/Employee Relations

The Airport is budgeted for 115 regular (full-time) employees. All full-time, regular Airport employees are included in the City’s retirement program.

Certain Airport employees are represented by various employee organizations, including the International Association of Machinists (“IAM”), Long Beach Association of Engineering Employees (“LBAEE”), Long Beach Management Association (“LBMA”), Long Beach Supervisors Employees Association (“LBSEA”), Association of Long Beach Employees (“ALBE”) and Service Employees International Union (“SEIU, Local 721”). The City’s collective bargaining arrangements with the employee organizations representing Airport employees expired on September 30, 2019. The City is currently in negotiations with all of the current employees organization. Employees continue to work pursuant to the terms

of the expired arrangements while negotiations continue. The City has never experienced a major work stoppage by Airport employees.

Existing Airport Facilities

The Airport operates with three asphalt runways having the following dimensions:

Runway	Length	Width
Runway 12-30	10,000 ft.	200 ft.
Runway 8L-26R	6,192 ft.	150 ft.
Runway 8R-26L	3,918 ft.	100 ft.

The primary runway, Runway 12-30, may be used by aircraft up to wide-body jets, with some weight restrictions imposed by the tunnels under the runway at Lakewood Boulevard and Spring Street. Runway 8L-26R, the alternate air carrier runway, may be used by Airbus A320, Boeing B737 and other similar aircraft. Runway 8R-26L is used primarily by general aviation aircraft, including business jets. These runways are connected by a fully integrated system of ten taxiways serving the commercial, military, and general aviation communities.

Capital project improvements in the airfield are largely driven by the Airfield Geometry Study (“AGS”) that the Airport performed between 2011 and 2014. The AGS was initiated after the FAA identified the Airport as one of the sixteen assessed airports that would benefit from safety enhancements to prevent runway incursions in 2002. The FAA also identified multiple “Hot Spots” or locations with high risk of aircraft incursion on to active runways. The AGS was intended to reduce the complexities of the Airport’s airfield geometry and redesign it to current FAA standard. In December 2014, City Council approved the Alternative 3A recommendation from the AGS as the preferred solution. The solutions comprise numerous airfield geometry reconfigurations to be implemented incrementally over the next 20 or more years. The Airport has incorporated these recommendations into the Airport Layout Plan (“ALP”) and the Airport Capital Improvement Plan (“CIP”). The Airport’s existing ALP was approved by the FAA on July 6, 2017. To date, former Runways 16R-34L and 16L-34R have been decommissioned in 2016, and work has begun on improvements to Taxiway C. See “AIRPORT CAPITAL IMPROVEMENT PLAN - “Airfield Projects.”

On the landside, the Airport operates the main ticketing function out of the existing Long Beach Airport terminal building (“Terminal”), which was constructed in 1941 and was declared a local historic landmark in 1990. The Terminal is a three-story terminal facility, topped by the two-story former air traffic control tower, that also provides facilities for concessions, restrooms and offices for Airport and airline staff. The Terminal is eligible for listing as a State of California Historical Landmark. The existing 11-gate passenger concourse (“Concourse”) and passenger security-screening checkpoint were completed in 2012 as part of the first phase (“Phase I”) of the Terminal Area Improvements Program (“TAIP”). Aside from these facilities, the Airport also operates two parking structures with over 3,000 space capacity total. Parking Structure A was constructed in 1980s and recently underwent a renovation which was completed in 2017. Parking Structure B, also part of the Phase I TAIP work, was completed in 2011. Both parking structures offer short and long-term parking for Airport passengers.

The Airport is currently proceeding with the second phase of the TAIP (“Phase II”), which is estimated to be complete in 2022. Phase II generally focuses on pre-security facilities and is intended to increase operational efficiency and improve passenger experience at the Airport. A portion of the proceeds of the Series 2020C Bonds will be used to pay a portion of the cost of these projects. See “AIRPORT CAPITAL IMPROVEMENT PROGRAM—Landside Projects.”

Other Facilities

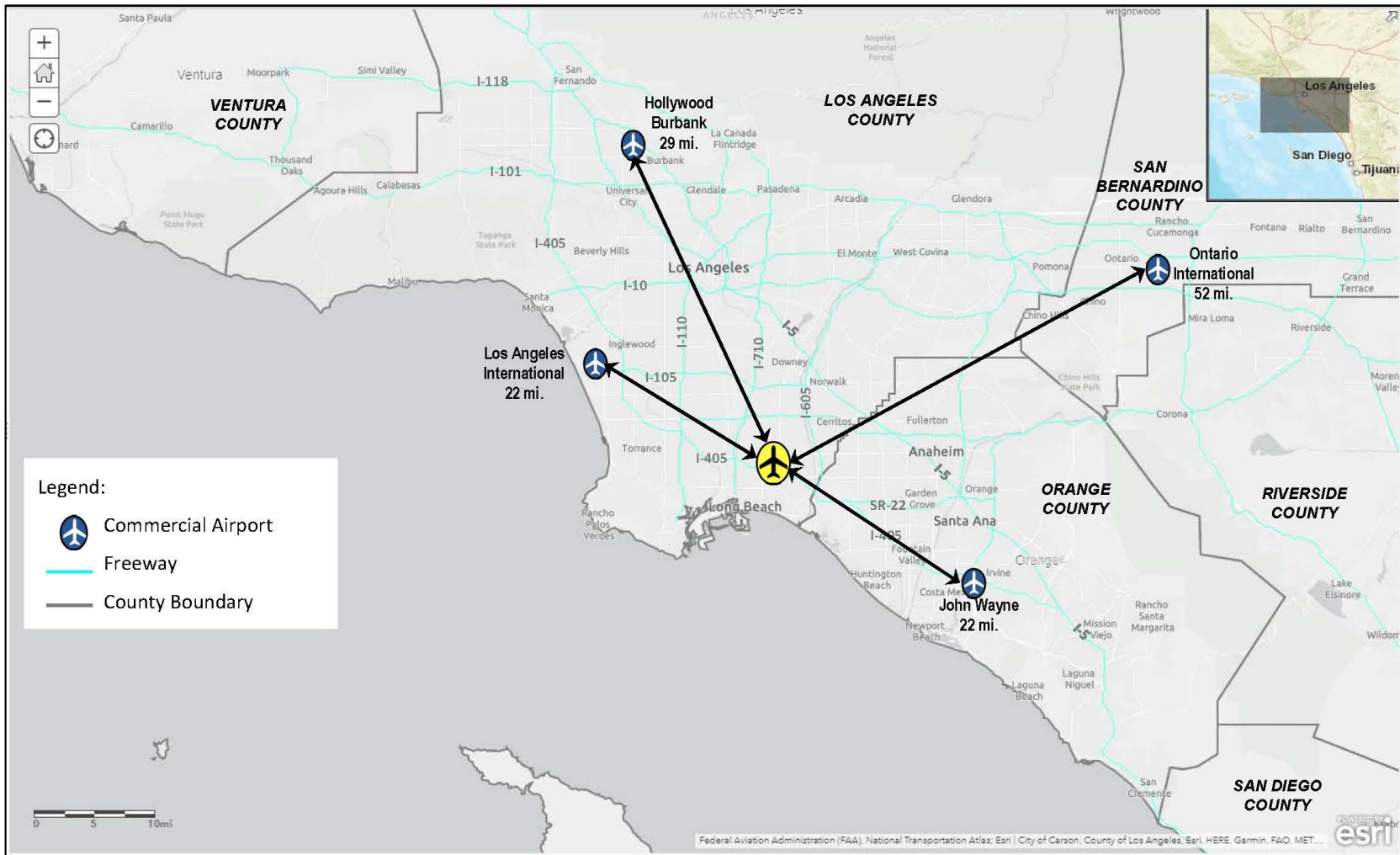
The City maintains approximately 60 long-term ground leases and commercial use permits for use of Enterprise property for air cargo, airline, general aviation, aircraft manufacturing and non-aviation purposes. There are approximately 180 businesses located on Enterprise property providing employment for approximately 16,000 individuals. Major tenants and businesses on Enterprise property include, among others, the Long Beach Marriott hotel, SCAN Healthcare, Gulfstream Aerospace, Ross Aviation, Aeroplex Aviation, Flight Safety International, Catalina Flying Boats, Island Express Helicopters, Los Angeles County Sheriff's Aero Bureau, FedEx, UPS, Skylinks Golf Course, Automobile Club of Southern California, Healthcare Partners, Embry-Riddle Aeronautical University, DeVry Institute of Technology and various other specialty aviation companies, aircraft hangar and tie-down facilities and aircraft rental and flight training operations.

The Airport can accommodate over 600 general aviation aircraft in open tie-down and hangar spaces. General aviation accounted for approximately 86% of the Airport's total annual operations in Fiscal Year 2019.

The Air Trade Area

The geographical area served by the Airport primarily encompasses Los Angeles County, Orange County, Ventura County, Riverside County and San Bernardino County, which constitute the Los Angeles-Long Beach-Riverside Combined Statistical Area (the "Los Angeles CSA"). The map on the following page presents the geographical location of the Airport's total air trade area in relation to the State, including the individual California counties.

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Air Trade Area Map



The Los Angeles region is served by six commercial service airports, including the Airport, Los Angeles International Airport (22 road miles from the Airport), Bob Hope Airport in Burbank (40 road miles from the Airport), Ontario International Airport (52 road miles from the Airport), John Wayne Airport in Orange County (22 road miles from the Airport) and Palm Springs International Airport in Palm Springs (112 road miles from the Airport). Each of the six airports caters to particular types of passenger demand, owing to each facility's geographic proximity to businesses and population concentrations in the region, as well as to the availability of specific types of air services. The Airport draws passengers from the region for short-, medium- and long-haul domestic service.

As measured by population, the Los Angeles CSA, with nearly 18.8 million people in 2018, is the second-largest of the 126 Combined Statistical Areas in the U.S. Only the New York-New Jersey-Bridgeport Combined Statistical Area (the "New York CSA"), with approximately 23.5 million people, is a larger market for air transportation. The Los Angeles CSA has approximately 9 million more people than the third-largest consolidated market in the U.S., which is the Chicago-Naperville Combined Statistical Area. The Los Angeles CSA is also among the most affluent regions in the U.S. As measured by the number of households with annual income of \$75,000 or more, the Los Angeles CSA is exceeded only by the New York CSA.

AIRPORT OPERATING INFORMATION

Regional Airport Perspective

The Airport's share of O&D passengers among the five principal commercial service airports serving the Los Angeles region has steadily increased since Fiscal Year 2002, the first full year of service for JetBlue at the Airport. The share has increased further following the entry of Southwest at the Airport in Fiscal Year 2016. The Airport's share of West Coast Corridor O&D passengers (passengers traveling to and/or from Oakland, San Francisco, San Jose, Sacramento, Portland or Seattle) increased from less than 0.1% in Fiscal Year 2000 to approximately 10.4% in Fiscal Year 2019. The following table sets forth the historical shares of West Coast Corridor O&D enplaned passengers for the five principal commercial service airports serving the Los Angeles region (excluding Palm Springs) for the past ten Fiscal Years.

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TABLE 2
SHARES OF WEST COAST CORRIDOR O&D PASSENGERS
FISCAL YEARS 2010 THROUGH 2018

Fiscal Year (a)	<u>Long Beach (LGB)</u>		<u>Los Angeles (LAX)</u>		<u>John Wayne (SNA)</u>		<u>Hollywood Burbank (BUR)</u>		<u>Ontario (ONT)</u>		Total O&D Passengers
	O&D Passengers	Percentage of Total	O&D Passengers	Percentage of Total	O&D Passengers	Percentage of Total	O&D Passengers	Percentage of Total	O&D Passengers	Percentage of Total	
2010	567,751	9.1%	2,413,883	38.6%	1,412,235	22.6%	1,035,738	16.6%	819,758	13.1%	6,249,365
2011	581,016	9.5%	2,478,360	40.4%	1,307,068	21.3%	997,079	16.2%	772,828	12.6%	6,136,351
2012	697,659	11.0%	2,592,826	40.9%	1,308,896	20.6%	980,563	15.5%	762,200	12.0%	6,342,143
2013	662,619	10.4%	2,593,043	40.8%	1,376,377	21.6%	990,809	15.6%	739,323	11.6%	6,362,171
2014	609,457	9.0%	2,869,106	42.5%	1,501,337	22.2%	1,012,584	15.0%	766,047	11.3%	6,758,529
2015	548,793	7.8%	3,052,989	43.5%	1,606,020	22.9%	1,041,712	14.8%	769,795	11.0%	7,019,308
2016	596,690	7.8%	3,434,191	44.6%	1,753,912	22.8%	1,104,816	14.4%	805,718	10.5%	7,695,327
2017	837,963	10.0%	3,746,442	44.7%	1,721,499	20.5%	1,237,953	14.8%	834,965	10.0%	8,378,822
2018	943,460	10.4%	3,877,222	42.7%	1,856,128	20.5%	1,482,385	16.3%	912,381	10.1%	9,071,577
Change											
<u>in Share</u>											
2001-2018		10.4%		-0.7%		-0.3%		-2.4%		-7.0%	
2008-2012		5.1%		1.8%		-0.2%		-3.0%		-3.8%	
2012-2016		-3.2%		3.7%		2.2%		-1.1%		-1.5%	
2016-2018		2.6%		-1.9%		-2.3%		2.0%		-0.4%	

Note: Includes traffic to Mineta San Jose International, Oakland International, Portland International, Seattle-Tacoma International, San Francisco International, and Sacramento International airports. Passenger numbers are one-way (i.e., originating enplaned passengers only from L.A. region airports to destination airports).

Source: U.S. Department of Transportation DB1B database, accessed via Diio Mi, December 12, 2019. Complete data available only through Fiscal Year 2018.

Airport Noise Compatibility Ordinance; Allocation of Air Carrier Flight Slots

Airline operations at the Airport are restricted by the terms of the Airport Noise Compatibility Ordinance (“Noise Ordinance”). Under the Noise Ordinance, the Airport maintains two classes of Flight Slots—Permanent and Supplemental—for two classes of airlines—Air Carrier and Commuter. An Air Carrier is defined as a scheduled airline transporting passengers or cargo and operating aircraft having a maximum certificated take-off weight (“MTOW”) of 75,000 pounds or more, while Commuter is defined as one operating aircraft with less than 75,000 pounds MTOW. Flight Slots entitle the assigned airline to one scheduled arrival and associated departure per day, but do not have any time-of-day utilization or specific schedule requirements, other than a curfew restricting operations between 10:00pm and 7:00am. The Airport assigns and reassigns Flight Slots according to the terms of a Flight Slot Allocation Resolution. Passenger activity levels are highly dependent upon the number of allocated Flight Slots and the degree to which these Flight Slots are utilized. General aviation operations are not governed by the Flight Slot Allocation Resolution, but are separately allocated allowable noise levels under the Noise Ordinance.

In 1981, the City adopted its first noise ordinance to help regulate aircraft noise. The first noise ordinance established a curfew; required Air Carriers to phase in quieter aircraft and limited the Airport to fifteen (15) Air Carrier Flight Slots per day. In early-to-mid 1983, the City reallocated flights, and Alaska Airlines, PSA Airlines (since acquired by US Airways and effectively merged into American Airlines), and Jet America (since acquired by Alaska Airlines) sued the City to stop reducing flights. In late 1983, additional court rulings resulted in the City being directed to raise the limit on Permanent Air Carrier Flight Slots to 41 per day. In an effort to resolve protracted litigation, the City and the airlines entered into a stipulated settlement agreement in 1995. Under the settlement, the City Council adopted the current Noise Ordinance. One component of the Noise Ordinance permits Air Carriers (both passenger and all-cargo) to operate not less than 41 Permanent Air Carrier Flight Slots per day and permits Commuter operators to operate not less than 25 Permanent Commuter Flight Slots per day.

The Noise Ordinance allows the minimum permitted number of Air Carrier Flight Slots to be increased when observed noise levels are below the annual noise budget and below the annual total noise budgets at both respective Noise Monitor Terminal locations. These Flight Slots are referred to as Supplemental Flight Slots and can be eliminated (in whole or in part) if the noise budget is exceeded in any given year. Noise is monitored annually by Noise Year, which is the same as the Airport’s fiscal year. In January 2016, due to the Air Carrier and total Airport operator categories being operated at levels below their respective annual noise budgets, the Airport approved the addition of nine Supplemental Air Carrier Flight Slots. In December 2019, following additional reductions in observed noise, the Airport added three Supplemental Air Carrier Flight Slots. As of February 1, 2020, there are no Supplemental Commuter Flight Slots. Airport management expects the observed trend in a younger aircraft fleet mix with more advanced and quieter engine technology to continue such that the noise budget is not exceeded in the future with the Supplemental Air Carrier Flight Slots.

In addition to the Noise Ordinance, the Airport adopted the Flight Slot Allocation Resolution (Resolution C-28465) in 2004 that supplements the Noise Ordinance by addressing Flight Slot allocation preference; Flight Slot allocation process; steps needed to secure a Flight Slot after allocation; minimum utilization requirements for the Flight Slot; and the reservation of unused Flight Slots. The minimum Flight Slot utilization requirements (i.e., the minimum level at which assigned slots had to be actually utilized before being subject to recapture by the Airport) originally established in 2004 were:

- Four (4) flights per week within each 180-day period (57% of slot capacity); and
- Thirty (30) flights within each 60-day period (50% of slot capacity)

To increase minimum Flight Slot utilization requirements, the City adopted an amended Flight Slot Allocation Resolution in December 2018. The amended resolution resulted in increased minimum Flight Slot utilization requirements, calculated on a rolling basis:

- During any calendar month: 60% of slot capacity (approximately 4 days per week average)
- During any calendar quarter: 70% of slot capacity (approximately 5 days per week average)
- During any calendar year: 85% of slot capacity (approximately 6 days per week average)

Notwithstanding the above minimum utilization requirements, the Flight Slot Allocation Resolution allows the Airport to assign certain slots on a day-of-week basis for air cargo operations, which typically operate only 5 days per week and therefore effectively below the annual requirements. Failure to comply with minimum utilization provisions may subject airlines to penalties including suspension in the number of Flight Slots consistent with actual utilization and disqualification from receiving additional Flight Slots for up to two (2) years, subject to the discretion of the Airport Director. The Airport has historically not exercised these remedies under the Flight Slot Allocation Resolution, as airlines reducing service have voluntarily relinquished the Flight Slots at service termination.

The Flight Slot Allocation Resolution requires airlines to submit to the Airport 180-day advance schedules on a rolling monthly basis and gives the Airport the ability to reassign immediately any unutilized Flight Slots on a temporary basis (“Temporary Flight Slots”), either until the Flight Slots are scheduled to be used again by the Air Carrier allocated the Flight Slot on a permanent basis on a later schedule submission or the Flight Slot reverts to the Airport according to the minimum utilization requirements. Temporary Flight Slots are effectively allocated on an individual operating day basis (e.g., if an airline does not schedule a Permanent Flight Slot for a given Saturday, that individual slot can be reallocated on a temporary basis). As a practical matter, however, these temporary slots are not as commercially attractive to other airlines to operate on a scheduled basis for a variety of reasons and are therefore never fully reallocated, although they are utilized from time to time by charter airlines. Scheduled service airlines typically require at least a 90-day advance notice of such available slots to be able to use them on a commercially viable basis due to the complexity of scheduling large aircraft fleets and the necessity to sell seat capacity with an appropriate lead time. Additionally, airlines typically prefer to offer regularly scheduled service throughout the week, year-round to be attractive to passengers and therefore maximize revenues. In practice, those unutilized Flight Slots that are expected ultimately to become available for reassignment are of most interest to airlines and are utilized on a temporary basis.

The Flight Slot Allocation Resolution requires the Airport to maintain Waiting Lists for airlines interested in Flight Slots as they become available, either because they are unutilized and reallocated from other airlines or as new Supplemental Flight Slots become available. The Airport maintains two continually rolling Waiting Lists, one each for Permanent Flight Slots and for Supplemental Flight Slots. Each available Flight Slot is allocated to airlines according to their position on the Waiting Lists. Each Waiting List is rolling, with the airline last allocated a Flight Slot moving to the bottom of the list, and the list rolling over from one series of allocations to the next as they become available. Flight Slots are allocated one-by-one sequentially according to the Waiting Lists order, although a New Entrant Airline can be allocated two Flight Slots if they are available. If the second Flight Slot is not available, the New Entrant Airline retains the highest priority in the Waiting List until the New Entrant Airline is either awarded or declines the second Flight Slot. An airline can decline a Flight Slot without losing its order in the Waiting List, and the Flight Slot is then sequentially offered to the next airline in order (and so on, if applicable) until the Flight Slot is allocated. As of February 1, 2020, the order of the Permanent Flight Slot Waiting List is: (1) Southwest Airlines; (2) Hawaiian Airlines; and (3) Delta Air Lines, and the order of the Supplemental Flight Slot Waiting List is: (1) Hawaiian Airlines; (2) Delta Air Lines; and (3) Southwest Airlines.

The table below shows the allocation of the Permanent and Supplemental Air Carrier Flight Slots as of March 1, 2020. [On February [X], 2020, the Airport allocated the three additional Supplemental Air Carrier Flight Slots to Southwest Airlines (2) and Delta Air Lines (1). The airlines have 180 days to begin using the new Flight Slots, but the Airport expects the airlines to utilize them earlier.] [PLEASE NOTE: ALLOCATION OF 2019 SUPPLEMENTAL FLIGHT SLOTS NOT YET OFFICIAL.] As of [March] 1, 2020, none of the 25 available Commuter Flight Slots are allocated.

TABLE 3
ALLOCATION OF AIR CARRIER FLIGHT SLOTS¹

	Permanent Air Carrier	2016 Supplemental Air Carrier	2019 Supplemental Air Carrier	Total Slots
JetBlue	24	--	--	24
Southwest	5	7	2	14
Delta	6	2	1	9
American	3	--	--	3
Hawaiian	1	--	--	1
FedEx	1	--	--	1
UPS	1	--	--	1
TOTAL	41	9	3	53

¹ As of March 1, 2020. See “Recent Changes in the Assignment and Utilization of Air Carrier Flight Slots” for expected changes in the allocation of Flight Slots.

Source: City of Long Beach

Recent Changes in the Assignment and Utilization of Air Carrier Flight Slots

Since the addition of the nine Supplemental Air Carrier Flight Slots in January 2016 and the December 2018 amendment of the Flight Slot Allocation Resolution, the assignment and utilization of Air Carrier Flight Slots has changed significantly. Southwest was added to the Flight Slot Waiting List in January 2016 when the Supplemental Air Carrier Flight Slots became available. In March 2016, the Airport announced the allocation of the Supplemental Air Carrier Flight Slots per the provisions of the Flight Slot Allocation Resolution, with four slots awarded to Southwest, three slots to JetBlue, and two slots to Delta. The additional Flight Slots awarded to JetBlue increased its total to 35.

Prior to the addition of the January 2016 Supplemental Air Carrier Flight Slots, JetBlue was utilizing the equivalent of only approximately 80% of their allocated Permanent Air Carrier Flight Slots. In March 2016, as a competitive response to Southwest’s market entry, JetBlue announced an increase in its service to the Airport (an effective increase from 24 to 34 average daily flights), and its slot utilization increased over time as the new schedule was implemented. The competition continued in Fiscal Year 2017 and Fiscal Year 2018, and slot utilization at the Airport increased above 90%, although two of American’s unutilized Permanent Air Carrier Flight Slots were reallocated to Southwest in February 2016 and began to be utilized in August 2017. In December 2017, Hawaiian Airlines requested to be added to the Waiting Lists. In January 2018, JetBlue relinquished one Permanent Air Carrier Flight Slot, and it was reallocated to Hawaiian. In September 2018, JetBlue then reduced its schedule from 34 to 23 daily flights.

During Fiscal Year 2019, slot utilization decreased to approximately 85% as JetBlue’s schedule was reduced and its unutilized slots were reallocated—first on a temporary basis, and ultimately on a permanent basis. In October 2019, the Airport reallocated seven of JetBlue’s Permanent Air Carrier Flight Slots—four to Delta and three to Southwest and reallocated three of JetBlue’s Supplemental Air Carrier Flight Slots to Southwest. In the fourth quarter of calendar year 2019, utilization increased to approximately 90% as the slots were reallocated.

In January 2020, JetBlue officially notified the Airport that they will relinquish seven Permanent Air Carrier flight slots beginning April 29, 2020, reducing their total allocated Flight Slots to 17. The Airport is in the process of reallocating these Permanent Flight Slots subject to the provisions of the Flight Slot Allocation Resolution. While the Permanent Air Carrier Flight Slots are going through the official reallocation process, the Airport is making available the seven relinquished slots on a temporary, month-by-month basis beginning July 2020 according to the 180-day advance flight schedule. Concurrently, the Airport is also actively soliciting New Entrant airlines to be added to the Waiting Lists prior to the reallocation of the Flight Slots. In the near term, the Airport expects slot utilization to decrease as JetBlue reduces its schedule and the Flight

Slots are reallocated, similar to what was observed in Fiscal Year 2019. However, there can be no assurances that airlines will seek allocation of all of the available Flight Slots, or that, once allocated, such slots will be utilized at the levels targeted by the Airport.

Passenger Enplanements

The Airport is classified by the FAA as a “small hub” based on its percentage of nationwide enplanements. As discussed in the prior section “Airport Noise Compatibility Ordinance; Allocation of Air Carrier Flight Slots,” passenger activity levels at the Airport are highly dependent upon the number of allocated Flight Slots and the degree to which these Flight Slots are utilized. The following table sets forth historical enplanements for the Airport for the last ten Fiscal Years. From Fiscal Year 2010 to Fiscal Year 2016, the number of Air Carrier Flight Slots remained unchanged at 41 and enplanement levels ranged between 1.3 million and 1.5 million according to the degree of utilization. In Fiscal Year 2017, following the addition of nine Supplemental Air Carrier Flight Slots and increased competition related to the entry of Southwest, enplanements increased to 1.8 million. In Fiscal Year 2018, as competition and slot utilization remained strong, the Airport experienced an all-time high in enplanements of 2.0 million. In Fiscal Year 2019, the Airport served 1.8 million enplaned passengers (a decrease of 12.5% from Fiscal Year 2018) as JetBlue reduced service and its slots were reallocated. However, this total was still the third highest year on record for passenger activity.

[TO BE UPDATED For the first quarter of Fiscal Year 2020 (i.e., October 1, 2019 through December 31, 2019), the Airport recorded a total of 464,454 enplanements, an increase of 7.9% in activity over the same period in Fiscal Year 2019 as JetBlue’s slots were reallocated to Delta and Southwest and utilization increased. Delta’s passenger activity at the Airport increased by over 70% for the first quarter of Fiscal Year 2020 compared to the same period in Fiscal Year 2019. Southwest’s passenger activity at the Airport increased by approximately 18% for the same period. JetBlue accounted for approximately 53% of the passenger activity for the first quarter of Fiscal Year 2020; followed by Southwest with almost 30%; Delta with almost 10%; American with almost 4%; and Hawaiian with approximately 3.5% of the passenger activity at the Airport.]

**TABLE 4
LONG BEACH AIRPORT
HISTORICAL ENPLANEMENTS
FISCAL YEARS 2010 THROUGH 2019**

Fiscal Year	Airport Enplanements	Airport Growth
2010	1,460,041	(0.5)
2011	1,532,442	5.0
2012	1,643,383	7.2
2013	1,497,503	-8.9
2014	1,433,273	-4.3
2015	1,276,679	-10.9
2016	1,327,001	3.9
2017	1,793,753	35.2
2018	2,006,292	11.8
2019	1,757,122	-12.4
Compounded Annual Growth Rate		
2010-2019	2.1%	
5 months Fiscal Year 2019		
5 months Fiscal Year 2020		

Source: Long Beach Airport

Air Carriers Serving the Airport

As of January 1, 2020, the Airport has scheduled service by six passenger air carriers and two all-cargo carriers. The passenger air carriers are Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Mesa Airlines, SkyWest Airlines, and Southwest Airlines. Mesa (as American Eagle) and SkyWest (as Delta Connection) operate as regional affiliates of mainline airlines, which control their flight schedules and seat capacity. The Airport is also served by all-cargo airlines FedEx Express and UPS Airlines.

**TABLE 5
LONG BEACH AIRPORT
AIRLINES SERVING THE AIRPORT¹**

Passenger Airlines

Delta Air Lines
Hawaiian Airlines
JetBlue Airways
Mesa Airlines¹
SkyWest Airlines²
Southwest Airlines

Cargo Carriers

FedEx Express
UPS Airlines

As of January 2020.

¹ Doing business as American Eagle.

² Doing business as Delta Connection.

Source: Long Beach Airport

Market Share of the Airlines

JetBlue has the majority of passenger activity with over 56% of annual enplanements in Fiscal Year 2019 with Southwest having the second highest share of passenger traffic at the Airport with over 30% of annual enplanements in Fiscal Year 2019. By comparison, JetBlue accounted for over 83% of passenger activity in Fiscal Year 2015, the year prior to Southwest beginning service at the Airport. Significant growth of 35.6% in passenger activity occurred in Fiscal Year 2017 as a result of an additional nine air carrier slots being used for a full fiscal year and increase air carrier competition. Nine additional air carrier slots were made available in the second quarter of Fiscal Year 2016, bringing the total air carrier slot to 50. During the same fiscal year, Southwest began service at the Airport. Alaska Airlines, who accounted roughly 5% of the passenger activity at the Airport, ended service at Long Beach Airport in January 2015. Hawaiian Airlines began service at the Airport in June 2018 with one daily flight accounting for roughly 3.5% of passenger activity at the Airport. The following table sets forth the shares of enplanements by airlines at the Airport for Fiscal Years 2014 through 2019.

In addition to those airlines possessing Air Carrier flight slots, the Airport is periodically served by charter airlines. This service accounts for less than 1% of total passenger activity at the Airport.

**TABLE 6
LONG BEACH AIRPORT
HISTORICAL ENPLANEMENTS BY AIRLINE
FISCAL YEARS 2015 THROUGH 2019**

<u>Airline</u>	<u>Fiscal Year 2019</u>		<u>Fiscal Year 2018</u>		<u>Fiscal Year 2017</u>		<u>Fiscal Year 2016</u>		<u>Fiscal Year 2015</u>	
	<u>Enplanements</u>	<u>Share</u>	<u>Enplanements</u>	<u>Share</u>	<u>Enplanements</u>	<u>Share</u>	<u>Enplanements</u>	<u>Share</u>	<u>Enplanements</u>	<u>Share</u>
JetBlue	984,329	56%	1,534,080	76%	1,411,568	79%	1,090,735	82%	1,062,506	83%
Southwest ¹	534,566	30%	273,737	14%	211,242	12%	49,960	4%	-	0%
Delta	104,293	6%	100,032	5%	94,400	5%	87,286	7%	85,241	7%
American ²	71,067	4%	76,721	4%	75,238	4%	98,157	7%	115,475	9%
Hawaiian ³	61,247	3%	20,368	1%	-	0%	-	0%	-	0%
Alaska ⁴	-	0%	-	0%	-	0%	-	0%	12,181	1%
Unscheduled Carriers ⁵	1,620	<1%	1,354	<1%	1,305	<1%	863	<1%	1,276	<1%
Totals	1,757,122		2,006,292		1,793,753		1,327,001		1,276,679	

¹ Southwest was allocated 4 air carrier slots in 2016 and began operations at LGB on June 5, 2016.

² American Airlines assumed US Airways operations at LGB beginning October 1, 2015.

³ Hawaiian was allocated 1 air carrier slot began operations at LGB on June 1, 2018.

⁴ Alaska ceased service at the Airport in January 2015.

⁵ Includes Elite Airways, Xtra Airways, Miami Air, Republic Airlines, and Sierra Pacific who operate passenger charter flights at the Airport.

Source: Long Beach Airport

[Remainder of page left blank intentionally]

Aircraft Operations

The Airport is home to commercial, all-cargo, general aviation, and corporate aircraft, as well as helicopters, flight schools, aircraft rental and leasing facilities, and aircraft manufacturers. In Fiscal Year 2019 total aircraft activity at the Airport was 293,587. Aircraft operations decreased by 9% in 2018 due to reduced general aviation activity as a result of the closure for reconstruction of the Airport's primary general aviation runway, Runway 8R-26L, for much of the year. Following the reopening of the runway, operations increased by 10% back to historical levels. In recent years, airline activity, which accounts for 11% of aircraft operations, increased by 49% between 2015 and 2018, but decreased by almost 11% in 2019. General aviation activity accounts for roughly 86% of aircraft operations and decreased by 17% between 2015 and 2018, but rebounded by almost 14% in 2019. Over the past 5 years, total aircraft operations averaged almost 290,000 each year and contracted by 2% between 2015 and 2019.

The following table sets forth aircraft operations at the Airport for Fiscal Years 2015 through 2019.

TABLE 7
LONG BEACH AIRPORT
HISTORICAL AIRCRAFT OPERATIONS
FISCAL YEARS 2015 THROUGH 2019

Fiscal Year	Airline	General Aviation	Other Air Taxi	Military	Total
2015	24,245	268,500	5,830	1,609	300,184
2016	25,019	262,506	6,283	1,199	295,007
2017	34,401	252,346	6,701	855	294,303
2018	36,252	221,793	7,956	891	266,892
2019	32,314	252,361	8,249	663	293,587

Source: Long Beach Airport

AIRPORT CAPITAL IMPROVEMENT PROGRAM

The Airport's current Capital Improvement Program ("CIP") includes projects to be constructed at the Airport in Fiscal Year 2020 through Fiscal Year 2024. Certain projects to be completed during this period began construction before Fiscal Year 2020, and the Airport carries the full project costs in the CIP for completeness. The CIP has an estimated cost of \$232 million, including \$24 million of project costs incurred in Fiscal Year 2019 and earlier years. Included in this total is the design and construction of Phase II (as described below), estimated at \$111.1 million, and the design and construction of certain airfield and landside rehabilitation and reconfiguration projects (as discussed below), estimated at approximately \$120.9 million.

The table on the following page shows the Airport's current capital improvement program, including the expected sources of funding.

**TABLE 8
LONG BEACH AIRPORT
CAPITAL IMPROVEMENT PROGRAM
THROUGH FISCAL YEAR 2024**

	<u>Funding of total project costs</u>								
	<u>Total project costs</u>	<u>FY 2019 and prior costs</u>	<u>FY 2020 and future costs</u>	<u>FAA AIP grants</u>	<u>TSA grants</u>	<u>PFC pay-as-you-go</u>	<u>CFC pay-as-you-go</u>	<u>LGB cash</u>	<u>Series 2020C Bonds</u>
Terminal Area Improvement Program (TAIP) Projects									
Inline Baggage Screening Facility	\$18,477,471	\$7,316,010	\$11,161,461	\$0	\$10,938,254	\$7,539,217	\$0	\$0	\$0
Baggage Claim Area Improvements	14,749,174	1,931,409	12,817,765	-	-	8,801,910	-	-	5,947,264
New Ticketing Lobby	19,354,243	1,166,481	18,187,762	-	-	9,631,590	-	-	9,722,653
Terminal Renovation	9,726,981	1,131,248	8,595,733	-	-	-	2,415,086	7,311,895	-
Rental Car Counters	2,108,892	448,955	1,659,937	-	-	-	2,108,892	-	-
Meet and Greet Plaza	11,266,389	683,787	10,582,602	-	-	3,755,644	-	7,510,745	-
Other Projects	1,253,850	1,030,530	223,320	-	-	-	317,250	936,600	-
Project Management and Other Soft Costs ^(a)	34,137,471	8,247,496	25,889,975	-	-	13,210,799	2,196,552	18,730,120	-
Subtotal TAIP	\$111,074,471	\$21,955,916	\$89,118,555	\$0	\$10,938,254	\$42,939,160	\$7,037,780	\$34,489,360	\$15,669,917
Other Landside CIP Projects	\$8,119,410	\$764,113	\$7,355,297	\$0	\$0	\$0	\$128,588	\$7,990,822	\$0
Airfield CIP Projects									
Taxiway D Rehabilitation	\$10,087,845	\$84,471	\$10,003,374	\$7,048,490	\$0	\$2,226,141	\$0	\$813,214	\$0
Taxiway C Improvements	28,941,979	1,039,063	27,902,916	24,068,602	-	2,715,124	-	2,158,253	-
Taxiway L Reconstruction	39,408,200	-	39,408,200	35,727,474	-	3,680,726	-	-	-
Runway 16R-34L Conversion to Taxiway B	8,050,000	-	8,050,000	7,298,130	-	751,870	-	-	-
Taxiway F Realignment & Reconstruction	16,011,450	-	16,011,450	14,515,981	-	1,495,469	-	-	-
Other Airfield Projects	10,252,098	593,279	9,658,819	2,266,183	-	2,331,612	-	5,654,303	-
Subtotal Airfield CIP Projects	\$112,751,572	\$1,716,813	\$111,034,759	\$90,924,860	\$0	\$13,200,942	\$0	\$8,625,770	\$0
TOTAL CIP	\$231,945,453	\$24,436,842	\$207,508,611	\$90,924,860	\$10,938,254	\$56,140,102	\$7,166,368	\$51,105,952	\$15,669,917

Source: Long Beach Airport

Airfield Projects

As recommended by the Airfield Geometry Study (“AGS”), there are numerous airfield geometry reconfigurations anticipated to be implemented incrementally over the next 20 years. Since the study was completed, the Airport has completed several major airfield projects. The first was the decommissioning of the Runways 16R-34L and 16L-34R in 2016. In 2017, the Airport completed the \$9.8 million construction for the Taxiway J Improvements, which is part of the main taxi route for aircraft manufacturers, cargo, and general aviation aircraft to access Runway 8R-26L. Subsequently, the Airport completed the \$8.3 million Perimeter Security Improvements, which included the removal of several thousand feet of deteriorating and inadequate perimeter fence, the installation of new standard airport perimeter fence, and improvements to the access control systems and security network infrastructure.

In Fiscal Year 2018, the Airport completed the construction of the Improvements to Runway 8R-26L for \$14.5 million. The project was one of the implementation of recommendations contained in the AGS and included reconstruction of the Runway, construction of two run-up areas and four blastpads, and the redesignation of Runway 7R-25L and 7L-25R to 8R-26L and 8L-26R, respectively. In 2018, the airport also completed \$1.2 million pavement rehabilitation of 60-foot-wide by 5,000-foot-long keel section of Runway 12-30.

In Fiscal Year 2019, the City began construction on Taxiway C Improvements and Ground Support Equipment (“GSE”) Charging Stations with total project cost estimates of \$28.9 million and \$1.4 million, respectively. The Taxiway C Improvements project is a major component of the AGS recommendations and includes the reconstruction of former general aviation Runway 16L-34R into future Taxiway C using Portland Cement Concrete. The project also includes new taxiway connectors to Runway 12-30 (Taxiways D4 and L4). The existing Taxiway C location will be redesignated as a terminal ramp taxilane. The GSE project consists of installation of 10 new and replacement of 5 GSE charging stations, for a total of 15 stations inside the Airport Operation Area (“AOA”). These new and more efficient charging stations will provide electrical power to equipment such as baggage tugs, bag ramps, and pushback vehicles. The GSE was completed in February 2020, and the Taxiway C Improvements project is anticipated to be completed in December 2020.

Other Airfield CIP projects for the next 5 years, include:

(i) Taxiway D Rehabilitation (between Runway 8L-26R and Taxiway J) includes rehabilitation of existing airfield pavement into new asphalt pavement consistent with the recommendations within the AGS to preserve safety and capacity. The project cost is estimated to be \$10.1 million.

(ii) Former Runway 16R-34L Conversion to Taxiway B also includes reconstructing existing airfield pavement into new asphalt pavement consistent with the recommendations within the AGS to preserve safety and capacity. The project cost is estimated to be \$8.1 million.

(iii) Improvements to Taxiway L will include existing asphalt pavement reconstruction using P-501 Portland cement concrete (PCC) for the taxiway alignment, including the Lakewood Boulevard and Spring Street underpasses. Taxiway L serves as the primary taxiway for all departing commercial aircraft and is also used by air cargo carriers. Additionally, the project will include pavement rehabilitation via cold milling, relocation of Taxiway L3 off of the Spring Street underpass, and drainage system improvements for under-drain facilities associated with the Lakewood Boulevard and Spring Street underpasses. The project is estimated to cost \$39.4 million.

(iv) Taxiway F Realignment and Reconstruction project will include taxiway pavement reconstruction. The taxiway currently serves as access to cargo and military aircraft companies as well as the majority of the 300,000 general aviation operations at the Airport. The project is another one of the AGS recommendations and is estimated to cost \$16.0 million.

Landside Projects

In the past ten years, the Airport has completed some major projects to significantly upgrade and renew the aging landside and terminal facilities. Phase I of the Terminal Area Improvement Program (“TAIP”) (“Phase I”) was completed in 2012, and included construction of the new 11-gate passenger concourse, a passenger security-screening checkpoint, and Parking Structure B. The total project cost for Phase I was \$98 million. Subsequent to Phase I, the Airport completed a \$6 million renovation project to Parking Structure A in 2017. The new improvements included new dual-cab elevator and an open-air stairway replacing an old tower, housing both the elevator and stairway, as well as LED light upgrade and aesthetics improvements throughout the structure.

In Fiscal Year 2019, the Airport completed the Monument Sign and Historic Terminal HVAC Improvements projects, with project costs of \$0.6 million and \$0.8 million, respectively. The new Monument Sign at the northwest corner of the Lakewood Boulevard and Donald Douglas Drive intersection is the first introduction of the Airport to the incoming passengers and reflects the current Airport brand. The sign takes inspiration from a DC-3 aircraft wing, is internally illuminated, and is surrounded by new landscaping. The HVAC project included a replacement of an air handling unit, condensing unit, and associated ductwork and piping that supply the first and second floors of the terminal building, and are equipped with state-of-the-art electronic controls for optimized energy savings.

In Fiscal Year 2018, the City awarded a contract for the design, preconstruction (site investigations, procurements, etc.) and construction of the Phase II Terminal Area Improvements Program (“Phase I”) for a total contract not to exceed \$65.3 million. Focusing primarily on enhancing the pre-security customer experience and improvements not developed during Phase I, Phase II will consist of several project components comprising approximately 25,000 SF of new enclosed space that will remain within the April 24, 2007, City Council-approved, overall limit for terminal area facilities of 89,995 square feet.

On February 12, 2020, the City Council authorized an amendment to the design-build contract for Phase II increasing the total contract not to exceed \$92.1 million based on the Guaranteed Maximum Price provided by the contractor for each of the following project components which are at the 90% to 100% design level.

- New enclosed ticketing lobby;
- New open-air consolidated baggage claim area;
- New relocated In-Line TSA Checked Baggage Inspection System (CBIS) facility;
- Historic terminal building rehabilitation, including seismic upgrades;
- Relocation of rental car customer transaction services into the existing historic terminal building;
- Pre-security concessions, restrooms, and enhancement of the meet and greet plaza;

The program is estimated at \$111.1 million and is anticipated to be completed in June 2022. Upon completion, the improvements will enhance traveling passenger convenience.

Certain components of TAIP Phase II, including the roadway and signage, rental car vehicle storage, and ground transportation center projects have been deferred pending additional planning and financial feasibility analysis.

AIRPORT FINANCIAL MATTERS

Summary of Financial Operating Information

The City accounts for the activities of the Airport and the Enterprise as an enterprise fund on the accrual basis of accounting according to generally accepted accounting principles. The general purpose financial statements of the City for the Fiscal Years ended September 30, 2018 and 2019, included in Appendix B to this Official Statement, have been audited by KPMG LLP, independent auditors. See “INDEPENDENT AUDITORS.”

The following table sets forth the historical operating results of the Enterprise for Fiscal Years 2015 through 2019.

TABLE 9
LONG BEACH AIRPORT
HISTORICAL OPERATING RESULTS
Fiscal Years 2015 through 2019

	2019	2018	2017⁽¹⁾	2016⁽²⁾	2015⁽³⁾
Land and Building Rentals	\$9,825,747	\$9,691,645	\$10,022,456	\$8,613,204	\$8,923,169
Parking Fees	9,230,268	10,050,093	9,159,915	7,758,334	7,719,562
Airport Concessions	8,262,275	8,314,212	6,797,987	5,347,764	4,979,975
Landing, Gate, and Ramp Fees	10,867,978	13,125,237	14,132,351	10,235,877	8,350,126
Other Fees and Charges	4,914,513	5,732,724	5,804,330	4,672,711	3,787,474
Total Operating Revenues	\$43,100,781	\$46,913,911	\$45,917,039	\$36,627,889	\$33,760,306
Personnel Services	\$12,665,407	\$13,272,974	\$12,138,519	\$11,381,165	\$10,052,234
Operations and Maintenance	9,197,525	12,271,037	10,169,728	8,341,864	7,407,939
City Services	11,811,895	9,512,577	8,977,661	9,162,077	8,833,872
General and Administration	2,994,252	2,832,095	1,966,219	1,677,848	1,545,696
Amortization Expense	-	-	-	52,708	79,062
Depreciation	11,869,680	11,174,493	11,055,188	10,590,305	10,036,794
Total Operating Expenses	\$48,538,759	\$49,063,177	\$44,307,316	\$41,205,965	\$37,955,596
Operating Income (Loss)	\$(5,437,978)	\$(2,149,265)	\$1,609,723	\$(4,578,076)	\$(4,195,290)
Interest Income (Expense):	\$ (3,624,292)	\$ (6,080,710)	\$ (6,365,753)	\$ (6,312,649)	\$ (6,312,649)
Passenger Facility Charges	7,048,784	8,102,923	7,329,417	5,579,553	5,236,864
Customer Facility Charges	1,766,923	1,840,035	1,805,766	1,649,310	1,562,530
Operating Security Agreement	301,618	324,068	325,038	324,005	167,342
Federal Subsidy on Build America Bonds	1,131,764	1,127,344	1,123,327	1,122,925	1,118,409
Other Income, Net	414,093	(3,406)	-	-	-
Total Non-Operating Revenues (Expenses)	\$7,038,889	\$5,310,253	\$4,217,795	\$2,635,749	\$1,772,496
Income (Loss) before Capital Grants	1,600,911	3,160,988	5,827,518	(1,942,327)	\$(2,422,794)
Capital Grants-Federal Administration	19,296,155	15,897,601	2,541,326	9,909,285	\$13,224,086
Capital Grants – Other Sources	-	-	-	-	-
Operating Transfers - In	40,509	-	113,063	-	-
Operating Transfers - Out	(211,411)	(171,150)	(30,941)	(389,777)	(484,534)
Increase in Net Assets	\$20,726,164	\$18,887,439	\$8,450,967	\$7,577,182	\$10,316,758
Total Net Assets Beginning of Year	\$215,012,854	196,125,415	187,674,448	\$180,493,267	\$181,180,508
Adjustment for GASB 75 Implementation	-	-	-	(396,000)	-
Adjustment for GASB 68 Implementation	-	-	-	-	(11,004,000)
Adjustment for GASB 65 Implementation	-	-	-	-	-
Total Net Assets End of Year	\$235,739,019	\$215,012,854	\$196,125,415	\$187,674,448	\$180,493,267

(1) Fiscal Year 2017 personnel services expenses was adjusted to reflect period 13 adjustments as reflect in the Fiscal Year 2017 audited financial statements.

(2) Fiscal Year 2016 numbers were adjusted to reflect Fiscal Year 2016 audited financial statements, including the presentation of adjustments for GASB 75 implementation.

(3) Fiscal Year 2015 numbers were adjusted to reflect Fiscal Year 2015 audited financial statements, including the presentation of adjustments for GASB 68 implementation.

Source: Long Beach Airport.

Management's Discussion of Recent Financial Results

General. [UPDATE TO COMPARISON BETWEEN FY 2019 AND 2018]]Total operating revenues were \$47,172,651 for Fiscal Year 2018, an increase of \$819,563 compared to Fiscal Year 2017. The increase in operating revenues is largely due to the increase in passenger activity in Fiscal Year 2018 which positively impacted the parking and concessions revenues. However, revenues directly from airlines decreased during this period as a result of rate cuts to airline fees charged by the Airport. Operating revenues are at an all-time high for Fiscal Year 2018 largely due to the significant growth in passenger activity since 2016.

Total operating expenses were \$49,063,177 for Fiscal Year 2018, an increase of \$4,755,862 over Fiscal Year 2017. The increases are largely attributed to increase in labor cost as the Airport's staffing level increased and increases in supplies and services due to growing activity at the Airport.

Airline Revenues. Airline revenues are derived based on a "modified Airport residual" basis, which means that all revenues generated from Airport activities, other than airline revenues, are credited against total Airport costs, and airline rates and charges are subsequently established so as to make up the difference. Between Fiscal Years 2015 and 2019, passenger airline charges at the Airport increased from \$11.4 million in Fiscal Year 2015 to \$15.6 million in Fiscal Year 2019. The increase is attributable to the increase in airline activity and increases to airline rates and charges.

Airline revenues are comprised of terminal rents, landing fees, common use fees, gate use fees and ramp fees. For more information on such rents and fees, see "—Rate Ordinance and Common Use Permits" below.

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The following table sets forth the estimated payments made by passenger airlines at the Airport per enplaned passenger:

TABLE 10
LONG BEACH AIRPORT
HISTORICAL AIRLINE PAYMENTS PER ENPLANED PASSENGER*
Fiscal Years 2015 through 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Landing Fees	\$ 8,179,835	\$ 9,985,411	\$ 10,811,730	\$ 7,919,806	\$ 6,454,091
Common Use Fees	4,549,131	5,617,709	5,747,931	4,445,453	3,638,535
Gate Use Fees	2,211,768	2,728,979	2,916,295	2,081,913	1,696,879
Ramp (RON) Fees	476,375	410,847	404,326	234,159	199,157
Terminal Rentals	169,674	151,914	182,112	99,571	84,657
Total Airline Fees	\$ 15,586,783	\$ 18,894,860	\$ 20,062,394	\$ 14,782,917	\$ 12,073,319
Less Fees from Cargo Airlines	621,372	642,708	761,781	808,798	684,283
Passenger Airline Charges	<u>\$ 14,965,411</u>	<u>\$ 18,252,152</u>	<u>\$ 19,300,613</u>	<u>\$ 13,974,119</u>	<u>\$ 11,389,036</u>
Enplanements	1,757,122	2,006,292	1,793,753	1,327,001	1,276,679
Airline Payments per Enplaned Passenger	\$ 8.52	\$ 9.10	\$ 10.76	\$ 10.53	\$ 8.92

* City of Long Beach Airport Enterprise Fund Financial Reports – Fiscal Year 2019 unaudited.

Source: City of Long Beach, California, based upon the Enterprise Fund financial reports

Non-Airline Revenues. The City also receives revenues from a variety of sources other than the airlines serving the Airport. The most significant sources of non-airline revenue are derived from parking, concession sales, aviation related land uses, car rentals and non-aviation leases. Non-airline revenues generated at the Airport increased from \$22.0 million in Fiscal Year 2015 to \$28.0 million in Fiscal Year 2019, representing a compounded annual growth rate of 5.4%.

Parking accounted for \$10.0 million (34.8%) of total non-airline revenues for Fiscal Year 2018. Revenues from other airport activities directly related to passenger activity such as car rentals, concession sales and ground transportation totaled \$8.1 million for Fiscal Year 2018. Revenues from aviation related land uses accounted for \$4.87 million (16.9%) of total non-airline revenues for Fiscal Year 2018. Other land and building rentals and fees total \$4.6 million for Fiscal Year 2018-19.

In fiscal year 2018, the Airport revamped its Ground Transportation Program to update fees, rules and regulations, and diversify revenue, in line with other airports. The Airport instituted a new permitting process and begin requiring trip fees from all Ground Transportation providers. This new program generated almost \$1.8 million in revenues in Fiscal Year 2018 with the bulk of the revenue, \$1.7 million, coming from the transportation network companies, such as Uber and Lyft (“TNCs”). Parking revenue has remained stable despite the introduction of ride hailing services largely due to the increase in passenger activity at the Airport during fiscal year 2016 through 2018. However, parking revenues on a per enplanement basis during this period dropped by 17%. Parking revenue in Fiscal Year 2018 was \$9.6 million and in Fiscal Year 2019 was \$8.9 million. (As described above, enplanements dropped by 12% during the same period, so the percentage reduction in parking revenue was less than the percentage reduction in enplanements.)

Maintenance and Operation Costs. The Airport’s Maintenance and Operation Costs increased from \$26.3 million in Fiscal Year 2015 to \$35.6 million in Fiscal Year 2019, representing a compounded annual growth rate of 7.0%. Major Maintenance and Operation Cost categories include personnel support, materials, supplies and services, and city services.

The factors impacting costs vary by type of expenses. For personnel cost, union negotiated salary increases and increases in overall staffing level largely contribute to the rising costs in this category. For materials and supplies, the increase passenger activity has also increased the supplies used which drive up cost in this category along with inflationary increases in prices. For City Services, the primary drivers for cost increases is the rise in public safety which accounts for the majority of the cost in this category.

Historical Debt Service Coverage

The following table sets forth historical debt service coverage. The following table also sets forth Net Revenues (not including Passenger Facility Charges) collected at the Airport and pledged PFC revenues by the Airport for Fiscal Years 2015 and 2019. The numbers in the following table were calculated in accordance with the terms of the Master Senior Indenture.

TABLE 11
LONG BEACH AIRPORT
HISTORICAL DEBT SERVICE COVERAGE
Fiscal Years 2015 through 2019

	2019	2018	2017	2016	2015
REVENUES					
Landing and Ramp Fees	\$8,656,210	\$10,396,258	\$11,216,056	\$8,153,965	\$6,653,247
Terminal Gate Fees and Rents	6,930,573	8,499,001	8,846,338	6,626,937	5,420,071
Automobile Parking Fees	9,230,268	10,050,093	9,159,915	7,758,334	7,719,562
Other Airport Concessions	8,048,203	8,107,964	6,587,159	5,109,797	4,731,391
FBO Rents and Fuel Fees	5,086,413	4,873,105	4,550,861	5,203,586	5,705,584
Other Land and Building Rentals and Fees	5,268,788	5,215,582	6,090,285	3,897,121	3,530,450
Interest Income	778,485	645,845	380,473	237,929	344,611
Total Revenues	\$43,998,940	\$47,787,848	\$46,831,087	\$36,987,669	\$34,104,918
MAINTENANCE AND OPERATION COSTS					
Personnel	11,614,084	\$11,741,056	\$11,157,298	\$10,298,174	\$9,807,705
Materials, Supplies & Services	8,352,882	7,591,336	6,858,395	5,814,056	5,342,783
City Services	14,801,527	12,151,616	11,487,059	11,401,881	11,140,482
Total Maintenance and Operation Costs	\$34,768,493	\$31,484,008	\$29,502,752	\$27,514,111	\$26,290,970
NET REVENUES⁽¹⁾	\$9,230,447	\$16,303,840	\$17,328,335	\$9,473,558	\$7,813,947
Other Pledged Revenues - PFCs	4,481,487	4,480,955	4,483,518	4,481,980	4,483,118
Transfer ⁽²⁾	2,033,014	2,033,994	2,035,776	2,035,474	2,036,769
NET REVENUES PLUS OTHER AMOUNTS	\$15,744,948	\$22,818,789	\$23,847,629	\$15,991,013	\$14,333,834
DEBT SERVICE⁽³⁾	\$8,132,054	\$8,135,975	\$8,143,103	\$8,141,897	\$8,147,075
Debt Service Coverage:	1.94x	2.80x	2.93x	1.96x	1.76x

⁽¹⁾ Net Revenues is equal to Total Revenues less Total Maintenance and Operation Costs.

⁽²⁾ Transfer is equal to 25% of Debt Service.

⁽³⁾ Net of federal subsidy on the Series 2009C Bonds.

Source: City of Long Beach Airport Enterprise Fund Financial Reports – Fiscal Year 2019 unaudited.

PFC Program

The Aviation Safety and Capacity Expansion Act of 1990 and the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (collectively the “PFC Act”) permit public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge each enplaning passenger a PFC of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50. Public agencies wishing to impose and use PFCs must apply to the FAA for the authority to do so. The purpose of the PFC is to develop additional capital funding sources to provide for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that preserve or enhance the safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers.

PFCs are collected by air carriers as part of the price of a ticket and then remitted to the Airport. The air carriers are permitted by the PFC Act to retain a portion of each PFC collected (currently \$0.11 of each PFC collected) as compensation for collecting and handling PFCs. PFCs received by the Airport are net of this collection fee. With respect to an airline operating at the Airport which is involved in bankruptcy proceedings, it is unclear whether the Airport would be afforded the status of a secured creditor with regard to PFCs collected or accrued with respect to that airline. See “CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Bankruptcies.”

The Airport has received approval from the FAA to collect and use \$178,418,777 of PFCs, which approval is estimated to expire on April 1, 2034. Such approval is to collect a \$4.50 PFC on each eligible enplaning passenger. As of September 30, 2019 the Airport had collected, including interest earnings thereon, \$94,624,636 of PFCs. The Airport’s PFC authority includes \$86,532,700 in collection and use authority related to projects refinanced with the Series 2020 Bonds. This authority includes the approval to pay bond capital, financing, and interest costs of up to 85% on the Series 2010A Bonds and up to 100% on the Series 2010B Bonds. Such use authority will extend to the Series 2020A Bonds and the Series 2020B Bonds related to the refunding of the Series 2010A Bonds and the Series 2010B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” for a discussion of the designation of certain PFCs as Revenues and the pledge of PFC Revenues to the payment of debt service on the Series 2020 Bonds. PFC Revenues can only be used to pay debt service on the PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds.

The actual amount of PFC revenues received in each Fiscal Year will vary depending on the number of qualifying passenger enplanements at the Airport. See “CERTAIN INVESTMENT CONSIDERATIONS” for discussion of a number of factors that may impact the number of passenger enplanements. See also “CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Bankruptcies.”

The Airport’s ability to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and the specific FAA approvals applicable to the Airport’s PFC program. The Airport’s authority to impose the PFC is also subject to certain provisions of the Noise Act and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. A failure by the Airport to comply with any of these requirements, or a violation by the Airport of the Noise Act, could result in a reduction or termination of the Airport’s authority to impose PFCs and to use PFCs to pay debt service on the Series 2020A Bonds and the Series 2020B Bonds and to finance a portion of its CIP. Additionally, no assurance can be given that the Airport’s authority to impose the PFC will not be terminated by Congress, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport or that the Airport will not seek to decrease the amount of the PFC to be collected. See “CERTAIN INVESTMENT CONSIDERATIONS—Availability of PFCs.”

The City cannot predict when or whether Congress will adopt new legislation regarding the PFC program or the scope of such legislation. If authorized by Congress, future increases in PFCs may be applied

for by the Airport and approved by the FAA. In such event, PFCs may be collected faster than anticipated. See “CERTAIN INVESTMENT CONSIDERATIONS—Availability of PFCs.”

Federal Grants

Under the AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. AIP grants include entitlement funds, which are apportioned annually based upon enplaned passengers and cargo traffic, as well as discretionary funds, which are available at the discretion of the FAA based on a national priority system. In Fiscal Year 2019, the City authorized the acceptance of approximately \$24.1 million in federal AIP grants for the improvements to Taxiway C. The Airport has also submitted a grant application for approximately \$8.0 million in federal AIP funding for the improvements to taxiway D, which is currently pending review and award by the FAA.

The following table sets forth federal grant funds received by the Airport for Fiscal Years 2015 through 2019.

**TABLE 12
LONG BEACH AIRPORT
FEDERAL GRANT FUNDS RECEIVED
Federal Fiscal Years 2015-2019**

Federal Fiscal Year¹	Federal Grant Funds Received
2015	\$16,196,985
2016	8,864,685
2017	5,407,836
2018	9,475,909
2019	<u>7,675,528</u>
Total	\$47,620,942

¹ October 1 through September 30.
Source: Long Beach Airport

Pursuant to Section 119 of the Aviation and Transportation Security Act (“ATSA”), the City is eligible to receive moneys from the federal government as reimbursement for costs associated with additional law enforcement personnel, airport surveillance and the revalidation of all airport issued and approved identification. During Fiscal Year 2019, the City received approximately \$139,650 for security related reimbursements at the Airport.

In 2016, the Airport received a TSA grant for the National Explosive Detection Canine Team Program (NEDCTP) which provided \$151,500 annually in supplemental funding for three police officers assigned as canine handlers under the program at the Airport.

In 2018, the Airport received two TSA grants for the design and the construction of the Checked Baggage Inspection System (CBIS) project of Phase II for the Terminal Area Improvement Program at the Airport. The total award for the two grants is \$11.3 million.

Rate Ordinance and Commercial Use Permits

The financial operations of the Airport are established by the annual adoption of a Rate Ordinance (the “Rate Ordinance”) by the City Council and the granting of Commercial Use Permits (“Commercial Use Permits”) to the airlines. The Commercial Use Permit allows the use of the Airport on a month-to-month basis, and is cancellable on 30 days notice. Other than ticket counters and office space, which are granted on

an exclusive use basis, all other facilities at the Airport, including the boarding lounge, concourse, and baggage claim, are common use areas.

Rates and charges are established annually through the Rate Ordinance, subject to a mid-year adjustment. Rates are determined through the budget process, based upon projected Maintenance and Operation Costs, debt service, and capital outlay, less nonairline and indirect airline revenues. The City establishes landing fee rates for the use of the airfield, a gate fee, a remain overnight fee, a common use fee, and a terminal rental rate. The City charges landing fee rates according to the time of operation, with those occurring after the Airport’s curfew of 10:00 p.m. being charged approximately 210% of the rate during operating hours. The common use fee is determined by the Airport Director based on the actual expenses for the common use areas, the number of airlines, and flight activity at the Airport. The fee is levied on a per enplaned passenger basis. Terminal rents for exclusive use space are levied on a per square foot basis, while the landing fee, gate fee, and remain overnight fee are based on landed weight. It has been the City’s practice to increase these fees by an equal percentage to achieve a balanced budget. Such fees and rents, and the basis for such fees and rents, are set forth below.

<u>Fee/Rent</u>	<u>Rate</u> <u>(Effective October 1, 2019)</u>	<u>Basis</u>
Landing Fee		
7:00 a.m. – 10:00 p.m.	\$3.88	Per 1,000 pounds of landed weight
10:00 p.m. – 7:00 a.m.	\$8.17	Per 1,000 pounds of landed weight
Common Use Fee	\$2.73	Per enplaned passenger
Gate Use Fee	\$1.16	Per 1,000 pounds of landed weight
Ramp Fee	\$0.96	Per 1,000 pounds of landed weight
Terminal Rents	\$0.07 - \$2.84	Per square foot of leased space

The City is currently planning [(subject to City Council approval)] to implement a mid-year adjustment increasing all fees and rents by 5% effective May 1, 2020.

The City is not aware of any formal dispute involving the Airport over any existing rates and charges. The City believes the rates and charges it imposes upon air carriers and other aeronautical users, and the rates and charges methodology utilized for the Rate Ordinance, are reasonable and consistent with federal law and applicable FAA regulations. See “CERTAIN INVESTMENT CONSIDERATIONS—Federal Law Affecting Airport Rates and Charges.”

Pension Plans and Post Employment Healthcare Benefits

Pension Plan.

General. Salaries and benefits costs of the Airport Enterprise include funding of retirement benefits for employees of the Harbor Department who, as City employees, participate in the California Public Employees Retirement System (“CalPERS”). Retirement payments paid from Airport Revenues were \$1,147,100 in Fiscal Year 2015, \$1,281,676 in Fiscal Year 2016, \$1,457,961 in Fiscal Year 2017, \$1,678,028 in Fiscal Year 2018, and \$1,906,763 in Fiscal Year 2019. The City estimates that the required contribution for Fiscal Year 2020 will be \$2,201,756. Payments to CalPERS constitute Maintenance and Operations Costs of the Enterprise.

For a variety of reasons, including investment losses, the City has experienced significant unfunded liabilities, and retirement costs payable with respect to all City employees, including employees of the Harbor Department, have increased in recent years. The Airport Enterprise is allocated approximately ___% of the City’s total CalPERS liability. As of June 30, 2018, the City’s “Miscellaneous Plan” with CalPERS (in which the Airport Enterprise employees participate) had an unfunded liability (with respect to all participating City employees, including employees assigned to the General Fund, the Airport, and other enterprise funds) of

approximately \$_____ million (market value basis), which resulted in a funding ratio of _____% (market value basis).

In December 2016, the CalPERS Board lowered the actuarial assumption relating to the investment rate of return to be phased in over three years: for the fiscal year ending June 30, 2018 the rate will be 7.375%; for the fiscal year ending June 30, 2019 the rate will be 7.25%; and for the fiscal year ending June 30, 2020 the rate will be 7.00%. This is projected to result in increases in the City's (and the Airport Enterprise's) required contributions to CalPERS, and such increases could be significant. See "Note __ – Retirement Program" in "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE CITY OF LONG BEACH FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018" for additional information about the pension plan.

For Fiscal Year 2019, pursuant to GASB 68, a proportional allocation of the City's Net Pension Liability, together with other pension liability adjustments, in the aggregate amount of approximately \$_____ million, as of measurement date June 30, 2018 and reporting date June 30, 2019, were allocated to the Airport Enterprise. GASB 68 addresses the disclosure of pension liability only and does not impose any funding requirements.

Other Post-Employment Benefits. In addition to required contributions for retirement benefits for employees, the City pays certain post-employment health care and other non-pension benefits ("OPEB") for such employees. The Airport Enterprise's OPEB expenses were approximately \$_____ in Fiscal Year 2019, and are expected to increase in the future. See "Note __ – Retirement Program" in "AUDITED FINANCIAL STATEMENTS OF THE AIRPORT ENTERPRISE FUND FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018" for additional information about the post-retirement health care benefits provided to the employees of the Harbor Department).

Insurance

Pursuant to the Master Senior Indenture, the City, subject to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, is required to insure and at all times keep the Enterprise insured to the extent insurable and keep public liability insurance in a reasonable manner, in such amounts and against such risks as are, in the judgment of the City, prudent and reasonable, taking into account the amount and types of insurance or self insurance provided by similar airports. The Master Senior Indenture does not specify any minimum amount of insurance coverage that the City must carry with respect to the Enterprise.

The Enterprise carries liability insurance separate from the City in the amount of \$100 million per occurrence covering general products, aircraft liability, and passengers. The Enterprise is included in the City's self-insurance program for workers' compensation claims.

The Enterprise does not currently maintain earthquake or terrorism insurance due to the high cost of such coverage.

AIRLINE INDUSTRY INFORMATION

Many of the major scheduled domestic airlines serving the Airport, or their respective parent corporations, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "SEC"). Certain information, including financial information, concerning such domestic airlines, or their respective parent corporations, and such foreign airlines is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a web site containing reports, proxy statements and other information regarding registrants that file electronically with the SEC. In addition, each airline is required to file periodic reports of financial aid and

operating statistics with the U.S. DOT. Such reports can be inspected at the U.S. DOT's Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590, and copies of such reports can be obtained from U.S. DOT at prescribed rates.

See "CERTAIN INVESTMENT CONSIDERATIONS."

The City undertakes no responsibility for and makes no representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or U.S. DOT as described in this section or (ii) any material contained on the SEC's website as described in this section, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website. Any such information is not part of this Official Statement nor has such information been incorporated by reference herein, and such information should not be relied upon in deciding whether to invest in the Series 2020 Bonds.

AIRPORT ENVIRONMENTAL MATTERS

General

There are several significant environmental matters that have direct and indirect impacts on the Airport and the Enterprise, some of which are described below. These include mitigation of aircraft noise impacts, hazardous substance cleanup and clean air requirements. Each of these areas is discussed in more detail below.

Generally, the City includes a set of standard terms and conditions in its tenant leases which provides that tenants are responsible for the costs of remediation of hazardous or other regulated material from City-owned property, which includes the Enterprise, and obligates tenants to comply with all applicable federal, State and municipal laws. However, if a tenant does not comply with these lease requirements or with the requirements of applicable environmental laws, the City would need to seek legal recourse against such tenant and in the interim may become responsible for any required environmental cleanup. The ultimate impact of these environmental factors on the City, the Airport and the Enterprise cannot be determined at this time.

The Airport's most recent environmental impact report was prepared in November 2005 and certified in June 2006 (the "EIR"). An Addendum to the EIR was approved by the Planning Commission in April 2018 which addressed minor changes to the project descriptions and square footage allocation while still maintaining under the 89,995 sf limitation and focused on, among other things, the environmental impact the Terminal improvements and the Parking Structure would have on the Airport. The findings in the EIR and subsequent Addendum showed that the impact of the Terminal improvements and the Parking Structure, among other projects, on the Airport would not be significant.

The Airport recently completed an Environmental Assessment (EA) for Phase II of the Terminal Area Improvements Program and received a Finding of No Significant Impact (FONSI) from the FAA in December 2019. It is anticipated that the Airport will need to perform a subsequent EIR Addendum and EA to address deferred projects of the Phase II Program.

Aircraft Noise Impacts

In the State, commercial airports operate under operating permits issued by the California Department of Transportation ("Caltrans"). Airports within the State are regulated under the State of California Aeronautics Act. The State does not regulate noise generation from aircraft. However, State regulations, California Code of Regulations Title 21, beginning at Section 5000 ("Title 21"), define noise standards governing the operation of aircraft and aircraft engines based upon the level of noise acceptable to a reasonable person residing in the vicinity of an airport. Pursuant to Title 21 and the State Aeronautics Act, Caltrans has adopted regulations requiring an airport proprietor that operates an airport with a noise impact area that

exceeds specified airport noise standards to apply for and receive a variance, according to specified criteria and procedures. In order to obtain a variance, among other requirements, the airport proprietor must submit a plan showing how the airport will comply with the noise standards.

Airport proprietors can comply with noise standards through implementation of various measures including sound insulation of incompatible structures to reduce the interior noise levels to acceptable levels, acquisition of incompatible properties located within the noise impact areas, and the purchase of noise easements from affected property owners.

The Airport operates under the Noise Ordinance adopted by City Council in 1995. The Noise Ordinance permits Air Carriers (passenger and all cargo) to operate a maximum of 41 flights per day and Commuter operators carriers to operate a maximum of 25 Flight Slots per day at the Airport. The Noise Ordinance allows the minimum permitted number of Flight Slots per day to be increased at the Airport in each operator flight restriction category so long as Flight Slots operate at or below annual noise budgets for each class of operator defined in the Noise Ordinance. In 2016, the Airport added nine Supplemental Air Carrier Flight Slots, and in 2019, added three additional Supplemental Air Carrier Flight Slots For more information on the Noise Ordinance, see “AIRPORT OPERATING INFORMATION—Airport Noise Compatibility Ordinance” herein.

Hazardous Substances

Airport operations involve the storage and use of a number of materials that are defined as hazardous under various federal, state, and local regulations. Petroleum products, predominantly jet fuel, comprise the majority of hazardous materials used at Airport facilities. The majority of these materials are used by the Airport’s tenants in the normal course of their operations. However, the City’s own operations also include the storage and use of certain hazardous substances. The storage and use of these materials are regulated on the local level by the Long Beach Fire Department – Fire Prevention Bureau.

In addition to regulations related to the safe storage and use of hazardous materials, various federal, state and local agencies exercise responsibility related to the accidental discharge of harmful quantities of these materials to the environment. These agencies include: the Long Beach Fire Department, The Long Beach Health and Human Services Department – Hazardous Materials Division, The Los Angeles Regional Water Quality Control Board (the “Water Quality Board”), and The State Department of Toxic Substances Control.

The City routinely conducts comprehensive environmental compliance audits of all City and Airport tenant operated facilities to ensure compliance with all applicable regulations. Through these activities, the City has established a database of all known areas where hazardous materials have been accidentally discharged. The City works cooperatively with the relevant regulatory agency to insure the responsible tenants are remediating the contamination.

Emission Standards

Air emissions associated with airport activities are governed by a number of federal, state and local regulations. Most notable of these are the Federal Clean Air Act of 1990 (the “CAA”), the California Clean Air Act (the “CCAA”), the California Global Warming Solutions Act (“AB32”), and various South Coast Air Quality Management District (“SCAQMD”) rules and regulations.

In December 2019, the Airport entered into a voluntary Memorandum of Understanding (“MOU”) with the South Coast Air Quality Management District. Under the terms of the MOU, the Airport has developed an Air Quality Improvement Plan that includes specific measures and initiatives that represent the Airport’s comprehensive plan to reduce nitrogen oxides (NOx) emissions from non-aircraft mobile sources. Measures are programs where there are specific courses of action to reduce emissions and initiatives are projects, or goals, that the Airport will pursue, but the emissions reductions are not easily quantifiable. The

Airport will implement the measures that are eligible for California State Implementation Plan (SIP) credits in hopes to achieve the emission reduction performance targets outlined in the MOU for the attainment milestone years of 2023 and 2031. SCAQMD will report the emissions reductions to the United States Environmental Protection Agency (EPA).

See also “CERTAIN INVESTMENT CONSIDERATIONS – Climate Changes Issues.”

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Series 2020 Bonds are urged to read this Official Statement, including all Appendices, in its entirety. The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Series 2020 Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Series 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Series 2020 Bonds are Special Obligations

The Series 2020 Bonds are special limited obligations of the City, payable solely from and secured by a pledge of Net Revenues (including PFC Revenues), and such other amounts, funds and accounts pledged under the Senior Indenture. None of the properties of the Enterprise and the Airport are subject to any mortgage or other lien (except for the lien created by the Senior Indenture on the Net Revenues) for the benefit of the owners of the Series 2020 Bonds and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Series 2020 Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the amount of Net Revenues (including PFC Revenues) available for payment of the Series 2020 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns, including the recent outbreak of the coronavirus; aviation security concerns; longer passenger processing and wait times and other inconveniences; federal government mandated security measures that may result in additional taxes and fees; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); existing and potential new regional, national and international environmental regulations ; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport, and business travel substitutes, including teleconferencing, videoconferencing and web-casting. An outbreak of a disease or similar public health threat that affects travel demand or travel behavior, or travel restrictions or reduction in the demand for air travel caused by an outbreak of a disease or similar public health threat in the future, could have a material adverse impact on the airline industry and result in substantial reductions in and/or cancellations of, bookings and flights. Revenues from TNCs are an increasing portion of Revenues and may be contributing to a change in revenue sources, away from parking, rental cars, taxis and limousines. Emerging technologies, including autonomous vehicles and new transportation business strategies, may contribute to additional changes in the Department’s revenue sources. There can be no assurances that these changes will not adversely affect the Department’s revenues. If aviation and enplaned passenger traffic at the Airport do not meet forecast levels, a corresponding reduction could occur in forecasted Revenues and expenses.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of

the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the events of September 11, 2001.

Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism and structural changes in the travel market.

Regional and National Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. In addition, traffic at the Airport will depend in part on the economic conditions in the State and local service area. The recession that began in late 2007, combined with reduced discretionary income, contributed to reduced airline travel demand in 2008 and 2009. The continuing weakness in the national, state and/or local economy may have an adverse effect on the air transportation industry, and on the Airport.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to the Air Transport Association, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

International Conflict and the Threat of Terrorism. The increased threat of terrorism has had, and may continue to have, a negative impact on air travel. The City cannot predict the likelihood of future incidents similar to the events of September 11, 2011, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines operating at the Airport from such incidents or disruptions.

Concentration of Certain Airlines at the Airport

In every Fiscal Year since Fiscal Year 2002, JetBlue's market share of enplaned passengers at the Airport has exceeded 50%, peaking at 83% in Fiscal Year 2015. However, JetBlue's market share has decreased since Southwest Airline's entry into the market in Fiscal Year 2016, as JetBlue's underutilized slots have been reallocated and existing service has been reduced. In Fiscal Year 2019, JetBlue accounted for approximately 56% of the Airport's enplaned passengers. In January 2020, JetBlue announced reductions in service at several airports throughout the country, which included further reductions in its service to the Airport, from approximately 22 average daily departures to an expected 15 in May 2020. As described herein, the City intends to reallocate unutilized slots per the provisions of the Noise Ordinance. JetBlue accounted for approximately 27% of the Airport's direct revenues (landing fees, charges and rents) in Fiscal Year 2019. See "AIRPORT OPERATING INFORMATION - Airport Noise Compatibility Ordinance; Allocation of Air Carrier Flight Slots"

Any significant financial or operational difficulties incurred by JetBlue and/or Southwest Airlines may have a material adverse effect on the Airport and the Enterprise, although financial or operational difficulties by any of the other air carriers also may, whether directly or indirectly, have an adverse impact on the Airport and the Enterprise, the effect of which may be material.

No assurance can be given that JetBlue's and Southwest's level of activity at the Airport will continue, regardless of JetBlue's financial condition. In the event JetBlue and/or Southwest Airlines discontinues or

reduces its operations at the Airport, their current level of activity may not be replaced by other carriers, thereby resulting in reduced revenue collections by the Airport and the Enterprise.

Effect of Airline Bankruptcies

A number of airlines and concessionaires (i.e., rental car companies) that served or are currently serving the Airport have filed for bankruptcy protection in the past and may do so in the future. Historically, bankruptcies of airlines operating at the Airport have resulted in transitory reductions of service levels, even in cases where such airlines continued to operate in bankruptcy. Future bankruptcies, liquidations or major restructurings of other airlines and/or concessionaires or other contractual counterparties may occur. While it is not possible to predict the impact on the Airport of future bankruptcies, liquidations or major restructurings of contractual counterparties, if a contractual counterparty has significant operations or obligations at the Airport, its bankruptcy, liquidation or a major restructuring, could have a material adverse effect on revenues of the Enterprise, operations at the Airport, the costs to other contractual counterparties to operate at the Airport (as, for instance, certain costs allocated to any such airline or concessionaire may be passed on to the remaining airlines or concessionaires under their respective agreements; there can be no assurance that such other contractual counterparties would be financially able to absorb the additional costs) and may result in delays or reductions in payments on the Series 2020 Bonds.

In the event of a bankruptcy by a contractual counterparty operating at the Airport, the automatic stay provisions of the United States Bankruptcy Code (the “Bankruptcy Code”) could prevent (unless approval of the bankruptcy court was obtained) an action to collect amounts owing by the contractual counterparty to the Enterprise or other actions to enforce the obligations of the contractual counterparty to the City. With the authorization of the Bankruptcy Court, the contractual counterparty may be able to repudiate some or all of its agreements with the City and stop performing its obligations (including payment obligations) under such agreements. The contractual counterparty may be able, without the consent and over the objection of the City, the Senior Trustee and the holders of the Series 2020 Bonds, to alter the terms, including the payment terms, of its agreements with the City as long as the Bankruptcy Court determines that the alterations are fair and equitable. In addition, with the authorization of the Bankruptcy Court, the contractual counterparty may be able to assign its rights and obligations under any of its agreements with City to another entity despite any contractual provisions prohibiting such an assignment. The Senior Trustee and the holders of the Series 2020 Bonds may be required under the Bankruptcy Code to return to the contractual counterparty as preferential transfers any money that was used to make payments on the Series 2020 Bonds and that was received by the City from the contractual counterparty during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the City under any agreement with such contractual counterparty may be subject to further limitations under the Bankruptcy Code.

Pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508) (the “1990 PFC Act”) and the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) (“AIR 21,” and collectively with the 1990 PFC Act, the “PFC Acts”), the FAA has approved the City’s applications to require the airlines to collect and remit to the Enterprise a passenger facility charge on each enplaning revenue passenger at the Airport. The PFC Acts provide that PFC revenues collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the City) imposing the PFC revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for passenger facility charge collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. The airlines, however, are permitted to commingle passenger facility charge collections with other revenues and are also entitled to retain interest earned on passenger facility charge collections until such passenger facility charge collections are remitted. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the City cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at the Airport. Regardless, the City could be held to be an unsecured creditor with respect to unremitted PFC revenues held by an airline that has filed for bankruptcy protection. Additionally, the City cannot predict whether an airline operating at the Airport that files for bankruptcy protection would have

properly accounted for the PFC revenues owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for the PFC revenues owed by such airline.

With respect to a contractual counterparty in bankruptcy proceedings in a foreign country, the City is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals nor the extent to which any such orders would be enforceable in the United States.

Other possible effects of a bankruptcy of a contractual counterparty include, but may not be limited to, delays or reductions in revenues received by the City and potentially in delays or reductions in payments on the Series 2020 Bonds. Regardless of any specific adverse determinations in a contractual counterparty bankruptcy proceeding, the fact of a contractual counterparty bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2020 Bonds. [[The City has historically not incurred any material losses from contractual counterparty bankruptcies]]

The City makes no representation with respect to the continued viability of any of the carriers or contractual counterparties serving the Airport, airline service patterns, or the impact of any contractual counterparty failures on the Revenues and passenger facility charge collections.

Effect of Concessionaire Bankruptcies

A bankruptcy of any significant concessionaire at the Airport could also result in delays or reductions in payments of principal of and interest on the Series 2020 Bonds, for reasons similar to those discussed above with respect to airline bankruptcies. Regardless of any specific adverse determinations in a concessionaire bankruptcy proceeding, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2020 Bonds.

Effect of City Bankruptcy

The City is able to file for bankruptcy under Chapter 9 of the Bankruptcy Code. Should the City become the debtor in a bankruptcy case, the holders of the Series 2020 Bonds will not have a lien on Revenues received by the City after the commencement of the bankruptcy case unless the bankruptcy court determines that Revenues constitute “special revenues” within the meaning of the 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 Revenues should be treated as “special revenues,” such treatment is subject to significant discretion by the bankruptcy court and no assurance can be given that a bankruptcy court would not find otherwise. If Revenues are not “special revenues,” there could be delays or reductions in payments on the Series 2020 Bonds. Even if a court determines that Revenues are not “special revenues,” the Airport will be able to use Revenues to pay operation and maintenance costs of the Enterprise, notwithstanding any provision of the Senior Indenture or any other agreement to the contrary.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2020 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 Revenues. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2020 Bonds.

Regulations and Restrictions Affecting the Airport

The operations of the Airport and the Enterprise are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the federal acts authorizing the imposition,

collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the U.S.

It is not possible to predict whether future restrictions or limitations on Airport or Enterprise operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City, or whether such restrictions or legislation or regulations would adversely affect Revenues.

The Airport operates under the Noise Ordinance, which imposes certain limitations on operations at the Airport. The Noise Ordinance allows the minimum permitted number of flights per day to be increased at the Airport in each operator flight restriction category so long as flights operate at or below annual noise budgets for each class of operator defined in the Noise Ordinance. For more information on the Noise Ordinance, see “AIRPORT OPERATING INFORMATION—Airport Noise Compatibility Ordinance” herein.

Federal Law Affecting Airport Rates and Charges

In general, federal aviation law requires that airport fees charged to airlines and other aeronautical users be reasonable and that in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the 1994 Aviation Act the USDOT and FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of the fees charged to airlines and other aeronautical users.

The City is not aware of any formal dispute involving the Airport over any existing rates and charges. The City believes the rates and charges it imposes upon air carriers and other aeronautical users, and the rates and charges methodology utilized for the Rate Ordinance, are reasonable and consistent with federal law and applicable FAA regulations. However, there can be no assurances that one or more airlines will not challenge the rates established by the City with respect to the Rate Ordinance or, if such a challenge were to be brought, that it would not be successful. A successful challenge to the rates set forth in the Rate Ordinance could limit the ability of the City to charge the airlines and other aeronautical rates required by the provisions of the Senior Indenture and would require the City to increase rates and fees charged to non-aeronautical users, which could have a material adverse impact on the financial condition of the Enterprise.

The City can provide no assurances that that the operation of the rate covenant set forth in the Master Senior Indenture will not be limited by the requirement of federal law that all aeronautical rates and charges be reasonable. If the rate covenant set forth in the Master Senior Indenture would require the City to increase aeronautical rates and charges in order to provide sufficient funds to make payments on the Series 2020 Bonds, but the increased rates or charges would not be reasonable, then the City will not be able to increase such rates or charges and would require the City to increase rates and charges to non- aeronautical users (such as automobile parking, rental cars, terminal concessions, and other nonairline tenants). Under such circumstances there could be delays or reductions in payments on the Series 2020 Bonds.

Additionally, the policies of the FAA prohibit an airport from making direct or indirect payments that exceed the fair and reasonable value of the respective services and facilities provided to the airport. The City provides certain services to the Airport. If the FAA were to rule that the Airport’s payments to the City for the services provided by the City violate the policies of the FAA, the Airport would be solely responsible for correcting any such violations. If the Airport violates the policies of the FAA, the FAA may withhold payment of AIP grants or rescind the Airport’s ability to collect PFCs until the Airport corrects such violation. The City is not aware of any challenges by the FAA to the payments being made by the Airport to the City.

Availability of PFCs

At the time of issuance of the Series 2020 Bonds, the City will designate certain PFCs as Revenues and will pledge PFC Revenues to the payment of debt service on the PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS.” The City also expects to use approximately \$57.5 million of PFCs on a pay-as-you-go basis to finance a portion of the costs of the CIP. See “AIRPORT CAPITAL DEVELOPMENT PROGRAM.”

The amount of PFCs received by the City in future years will vary based upon the actual number of PFC-eligible passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. See “—Factors Affecting the Airline Industry” above. Additionally, the FAA may terminate the City’s ability to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFCs are not being used for approved projects in accordance with the FAA’s approval, the PFC Act, the PFC Regulations or the PFC Approvals; or (b) the City otherwise violates the PFC Act or the PFC Regulations. The City’s authority to impose the PFC may also be terminated if the City violates certain provisions of the Noise Act and its implementing regulations. The regulations under the Noise Act also contain procedural safeguards to ensure that the City’s authority to impose a PFC would not be summarily terminated. No assurance can be given that the City’s authority to impose the PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City or that the City will not seek to decrease the amount of the PFC to be collected, provided such decrease does not violate the City’s covenant in the Senior Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—PFC Covenants.”

A shortfall in PFC revenues, as a result of the FAA or Congress reducing or terminating the City’s ability to collect PFCs or as a result of any other actions, may cause the City to increase rates and charges at the Airport to meet the debt service requirements on the Series 2020 Bonds and/or require the City to identify other sources of funding to pay for the costs of the CIP projects currently expected to be paid with PFC revenues, including issuing Additional Senior Bonds and/or additional Subordinate Obligations.

PFC Revenues are equal to the lesser of (a) 125% of the Aggregate Annual Debt Service on the PFC Eligible Portion of all Senior Bonds (including the Series 2020 Bonds), and (b) the total amount of Passenger Facility Charges received by the City in a Fiscal Year. If no Passenger Facility Charges are received by the City in a Fiscal Year, no PFCs will be included in Revenues and therefore no PFC Revenues will be pledged to the Series 2020 Bonds in that Fiscal Year.

Federal Funding

The City receives certain Federal funds including from the Airport Improvement Program (“AIP”). The AIP provides Federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). See “CERTAIN FUNDING SOURCES.” Additionally, certain operations at the Airport are supported by Federal agencies including, flight traffic controllers, FAA, TSA, FBI, Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at the Airport.

From time to time, the Federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other Federal appropriations and spending.

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) Federal funding received by the Department, including under the AIP; (ii) Federal agency budgets, hiring,

furloughs, operations and availability of Federal employees to support certain operations at the Airport, provide regulatory and other oversight, review and provide required approvals, in each case at the Airport and over the airlines serving the Airport; (iii) flight schedules, consumer confidence, operational efficiency at the Airport and in the air transportation system generally. In addition, the anticipated Federal spending could be affected by, among other things, the automatic across-the-board spending cuts, known as sequestration.

There can be no assurance that the Congress will enact and the President will sign Federal appropriation legislation or future FAA reauthorization which may require the City to fund capital expenditures forecast to come from such Federal funds and from other sources (including operating revenues, Additional Senior Bonds or Additional Subordinate Obligations), result in decreases to the Airport Capital Program or extend the timing for completion of certain projects and the City is also unable to predict future impact of any Federal spending cuts or appropriation impasses or the impact of such actions on airline traffic at the Airport or the Revenues.

Rate Covenant Not a Guarantee; Failure To Meet Projections

The ability of the City to pay the principal of and interest on the Series 2020 Bonds depends on the ability of the City to generate Revenues in the levels required by the Senior Indenture. Although, as more particularly described herein, the City expects that sufficient revenues will be generated through the imposition and collection of the fees, rents charges and other Revenues described herein, there is no assurance that such imposition of fees, rents charges or other Revenues will result in the generation of Net Revenues in the amounts required by the Senior Indenture. As a result, the rate covenant set forth in the Master Senior Indenture does not constitute a guarantee that sufficient Net Revenues will be available to make debt service payments on the Series 2020 Bonds.

The City can provide no assurances that operation of the Rate Covenant set forth in the Master Senior Indenture will not be limited by the requirement of federal law that all aeronautical rates and charges be reasonable. If the Rate Covenant set forth in the Master Senior Indenture would require the City to increase airline rates and charges in order to provide sufficient funds to make payments on the Series 2020 Bonds, but the increased airline rates or charges would not be reasonable, then the City will not be able to increase such rates or charges and would be required to increase non-airline rates and charges or take other actions to meet the Rate Covenant. Under such circumstances there could be delays or reductions in payments on the Series 2020 Bonds. See “—Federal Law Affecting Airport Rates and Charges” below.

Increasing the schedule of rentals, rates, fees and charges contained in long-term contracts for the use of the Airport and the Enterprise and for services rendered by the City and Airport officials in connection with the Airport and the Enterprise is subject to contractual, statutory and regulatory restrictions. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Rate Covenant” herein and “—Federal Law Affecting Airport Rates and Charges” below.

In addition, the financial forecasts contained in the Projected Operating Results are based on a number of assumptions. While the City believes that such assumptions are reasonable, there be no assurances that actual conditions will not be different from those assumed by the City, and such circumstances could have a material adverse impact on the ability of the City to pay the principal of and interest on the Series 2020 Bonds.

Additional Obligations Can Be Issued Without Bondholder Consent

Under the Master Senior Indenture the City is permitted to issue additional obligations without obtaining any consent from any holder of existing Series 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Additional Bonds.” Such newly issued obligations may be junior to, or on a parity with the Series 2020 Bonds, as long as the requirements of the Senior Indenture are satisfied. Any such additional obligations may be secured by the trust estate and thus an increased amount of debt will be outstanding, but the amount of collateral for those obligations will not be increased. Certain of the

conditions for the issuance of additional obligations relate to financial projections regarding the future operations of the Airport and the Enterprise. The City can provide no assurance that such projections will be achieved. If such projections are not achieved, there may be insufficient Revenues to make the required payments on all of the Series 2020 Bonds, unless airport rates and charges are increased. The City, however, may be unable to increase airport rates and charges as a result of federal law that requires all airport rates and charges to be reasonable. See “—Federal Law Affecting Airport Rates and Charges” above. Under such circumstances, there could be delays or reductions in payments on the Series 2020 Bonds.

Factors Affecting Capital Improvement Program

As described herein, the City is undertaking the CIP with respect to the Airport. The City has entered into and will enter into agreements for the construction of such capital improvements. See “AIRPORT CAPITAL IMPROVEMENT PROGRAM.” The City anticipates that such contracts will be subject to adjustment for a variety of circumstances, including higher than anticipated costs of labor and materials or subcontractor bids, changes in scope, unforeseen site conditions and force majeure events. The estimated costs of, and the projected schedule for, the capital improvement plan are subject to a number of uncertainties. The ability of the City to complete the CIP 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; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation; and (k) environmental issues. No assurance can be made that the existing projects in the CIP will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines, thereby making the Airport less economically competitive. There can be no assurances that significant increases in costs over the amounts projected by the City will not materially adversely affect the financial condition or operations of the Airport or the Enterprise.

Impact of Potential Earthquakes

Generally, seismic activity occurs on a regular basis within the State. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential damage to property located at or near the center of such seismic activity. A serious earthquake could result in damage within the City and to roads, bridges, and other property, including the Airport. Damage to the Airport could include pavement displacement (which could, in the worst case, necessitate the closing of one or more runways for extended periods of time), distortions of pavement grades, breaks in utility, loss of water supply, drainage and sewage lines, displacement or collapse of buildings and the rupture of gas and fuel lines. The facilities of the Airport were each designed to the seismic standards existing at the time of original construction or renovation. There can be no assurances that damage resulting from an earthquake will not materially adversely affect the financial condition or operations of the Airport or the ability of the City to generate Net Revenues in the amounts required by the Senior Indenture.

Climate Change Issues

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.

The City is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2020 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

In addition, climate change concerns are leading to new laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at the Airport and could also affect ground operations at airports.

Concerns related to climate change have led to new laws and regulations at the federal and State levels that could have a material adverse effect on the City's operations and on airlines operating at the Airport. The U.S. Environmental Protection Agency (the "EPA") has taken steps towards the regulation of greenhouse gas ("GHG") emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. On December 14, 2009, the EPA made an "endangerment and cause or contribute finding" under the Clean Air Act, codified at 40 C.F.R.1. In the finding, the EPA determined that the body of scientific evidence supported a finding that six identified GHGs – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride cause global warming, and that global warming endangers public health and welfare. The EPA also found that GHGs are a pollutant and that GHG emissions from motor vehicles cause or contribute to air pollution. This finding requires that the EPA regulate emissions of certain GHGs from motor vehicles. The Clean Air Act regulates aircraft emissions under provisions that are parallel to the requirements for motor vehicle emissions. Accordingly, the EPA may elect or be forced by the courts to regulate aircraft emissions as a result of this endangerment finding. While the EPA has not yet taken any action to regulate GHG emissions from aircraft, regulation may still be forthcoming. On July 5, 2011, the U.S. District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether the greenhouse gas and black carbon emissions of aircraft engines endanger public health and welfare. The EPA is in the process of making its required determinations. The City cannot predict what the EPA's findings will be or what effect they will have on the City or the air traffic at the Airport.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including California, and have been proposed on the federal level. California passed Assembly Bill 32, the California Global Warming Solutions Act of 2006 ("AB 32"), which requires the statewide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, the California Air Resources Board ("CARB") made the final adjustments to its implementation of AB 32: the California cap-and-trade program (the "California Cap-and-Trade Program"). In August 2016, Senate Bill 32 was enacted and extends the California Cap-and-Trade Program and CARB to ensure that California-wide GHG emissions are reduced by at least 40% below the California-wide emissions limit not later than December 31, 2030. The Department's annual metric tons of carbon dioxide equivalent ("MtCO₂e") emissions exceed 25,000 metric tons and therefore the Department is required to participate in the California Cap-and-Trade Program. California Cap-and-Trade Program credits are market based, thus, the annual costs for participation in the program may vary. The California Cap-and-Trade Program may result in rising electricity and fuel costs, which may adversely affect the airlines serving the Airport and the Airport's operations.

The South Coast Air Quality Management District ("SCAQMD") also imposes rules and regulations specifically targeted to various air pollutants and types of operations such as hydrant fueling, private vehicle fueling, power generators, boilers and the use of various volatile organic chemical containing materials.

See “AIRPORT SYSTEM ENVIRONMENTAL MATTERS.”

The City is unable to predict what federal and/or state laws and regulations with respect to GHG emissions will be adopted, or what effects such laws and regulations will have on airlines serving the Airport or on Airport or Enterprise operations. The effects, however, could be material.

Cybersecurity

The City and the Airport rely on computers and technology to conduct its operations. The City and its departments, including the Airport Enterprise, 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 Airport’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 Airport’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 Airport’s computer and technology could negatively impact the City’s and/or the Airport’s operations, and the costs related to such attacks could be substantial.

Enforceability of Remedies; Limitation on Remedies

As discussed above under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS—Events of Default and Remedies; No Acceleration,” there is no right to acceleration of payments to bondholders under Indenture and bondholders may be required to make a separate claim for each semiannual payment not paid. Further, the remedies available to the owners of the Series 2020 Bonds upon an Event of Default under the Senior Indenture are in many respects dependent upon regulatory and judicial actions that are in many instances subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for in the Senior Indenture may not be readily available or may be limited. Legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2020 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors’ rights generally and by equitable remedies and proceedings generally.

Loss of Federal Tax Exemption

Interest on the Series 2020 Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2020 Bonds that violate the requirements and limitations prescribed by the Code. Although the City has agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2020 Bonds may be deemed to be taxable retroactive to the date of issuance. The Series 2020 Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the bondholders or former bondholders to compensate the bondholders for any losses they may incur as a result of the interest on the Series 2020 Bonds becoming subject to federal income taxation. See “TAX MATTERS” below.

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. See “INTRODUCTION—Forward-Looking Statements.”

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2020B Bond or Series 2020C Bond for any period during which such Series 2020B Bond or Series 2020C Bond is held by a “substantial user” of the facilities financed or refinanced by the Series 2020B Bonds or the Series 2020C Bonds, as applicable, or a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Series 2020A Bonds and the Series 2020B Bonds is not a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2020C Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2020 Bonds. Failure to comply with such requirements could cause interest on the Series 2020 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2020 Bonds.

The accrual or receipt of interest on the Series 2020 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2020 Bonds. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2020 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2020 Bonds.

Bond Counsel is further of the opinion that interest on the Series 2020 Bonds is exempt from present State of California personal income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Tax Treatment of Original Issue Premium

The Series 2020 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Series 2020 Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2020 Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2020 Bond. A purchaser of a Premium Series 2020 Bond must amortize any premium over such Premium Series 2020 Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Series 2020 Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Series 2020 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Series 2020 Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2020 Bonds should consult with

their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Series 2020 Bond.

Tax Treatment of Original Issue Discount

General. The Series 2020 Bonds that have an original yield above the respective interest rate as shown on the inside cover of this Official Statement (collectively, the “Discount Series 2020 Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2020 Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to such Discount Series 2020 Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2020 Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Series 2020 Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Series 2020 Bond, on days which are determined by reference to the maturity date of such Discount Series 2020 Bond. The amount treated as original issue discount on such Discount Series 2020 Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Series 2020 Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Series 2020 Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Series 2020 Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Series 2020 Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2020 Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Series 2020 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Series 2020 Bond. Subsequent purchasers of Discount Series 2020 Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Discount Series 2020 Bonds under the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2020 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2020 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2020 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. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2020 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2020 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance, sale, execution, or delivery of the Series 2020 Bonds or in any way contesting or affecting the validity of the Series 2020 Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, or the power of the City to collect the Net Revenues or the PFCs pledged to the payment of the PFC Eligible Portions of the Series 2020A Bonds and the Series 2020B Bonds.

The operation of the Airport and the Enterprise gives rise to litigation from time to time, and the City is involved in various pending litigation matters. Although contemporaneous adverse awards in a number of pending matters which are not covered by insurance or payable from federal grants may result in increased rents, rates and charges for the use of the Airport, including amounts payable by the airlines operating at the Airport, the possibility is remote. Even in such event, the City believes that such awards would not have a material adverse affect on the ability of the City to meet its obligations under the Series 2020 Bonds.

RATINGS

Fitch Ratings (“Fitch”) and Moody’s Investors Service Inc. (“Moody’s”) have assigned ratings of “__” and “__,” respectively, to the Series 2020 Bonds. Such rating reflects only the views of Fitch and Moody’s any desired explanation of the significance of such rating, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an

adverse effect on the market price of the Series 2020 Bonds. Except as will be set forth in the Continuing Disclosure Certificate (see “APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a form of the Continuing Disclosure Certificate), neither the City nor the Underwriters will undertake any responsibility either to bring to the attention of the registered owners of the Series 2020 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

UNDERWRITING

The Series 2020 Bonds will be purchased by Morgan Stanley & Co. LLC and the other underwriters listed on the cover of this Official Statement (collectively, the “Underwriters”), from the City at a price of \$_____ (which is the par amount of the Series 2020 Bonds, plus a net original issue premium of \$_____, 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 2020 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 initial public offering prices of the Series 2020 Bonds set forth on the inside of the front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2020 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

Morgan Stanley & Co. LLC., an underwriter of the Series 2020 Bonds, has provided the following paragraph for inclusion in this Official Statement.

Morgan Stanley & Co. LLC., an underwriter of the Series 2020 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 Bonds.”

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which for certain of the Underwriters may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates 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 account and for the accounts of their customers and may at any time hold long and short positions in such securities 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 2020 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.

CONTINUING DISCLOSURE

The City will covenant to provide such annual financial statements and other information in the manner required by Rule 15c2-12 of the SEC (17 C.F.R. § 240.15c2-12) (“Rule 15c2-12”). The City will enter into an undertaking (the “Undertaking”) for the benefit of the holders of the Series 2020 Bonds to provide certain financial information and operating data concerning the Enterprise and the Airport, and notices of certain events to the MSRB, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12. See “APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein for a description of the Undertaking. A failure by the City to provide any information required thereunder will not constitute an Event of Default under the Senior Indenture.

During the past five years, the City has not failed to comply in all material respects with previous continuing disclosure undertakings pursuant to the Rule.

MUNICIPAL ADVISOR

The City has engaged Frasca & Associates, LLC., as municipal advisor (the “Municipal Advisor”), in connection with the issuance of the Series 2020 Bonds. Under the terms of their engagements, the Municipal Advisor is not 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.

INDEPENDENT AUDITORS

The general purpose financial statements of the City of the City (which include audited financial information relating to the Enterprise Fund) as of September 30, 2019 and 2018 and for the years then ended, included in this Official Statement as Appendix A, have been audited by _____, independent auditors, as stated in their report appearing in Appendix A. _____ was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by _____ with respect to any event subsequent to the date of its report.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Series 2020 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel’s opinion is contained in Appendix D hereto. Certain matters will be passed upon for the City by the City Attorney. Certain matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation Disclosure Counsel to the City. Certain matters will be passed upon for the Underwriters by their counsel Nixon Peabody LLP. Bond Counsel, Disclosure Counsel and Underwriters’ Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will verify from the information provided to them the mathematical accuracy of the computations contained in the provided schedules to determine that (a) the deposits to the Series 2009 Redemption Accounts will be sufficient to pay on April 29, 2020 the redemption price of and accrued interest on the Refunded Series 2009A Bonds and the Refunded Series 2009C Bonds, and (b) the Escrow Securities and the earnings thereon and the uninvested cash to be held in the Series 2010 Escrow Funds, will be sufficient to pay on June 1, 2020 the principal and redemption price of and accrued interest on the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds.

MISCELLANEOUS

This Official Statement has been duly approved, executed and delivered by the City. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

CITY OF LONG BEACH, CALIFORNIA

By _____
City Manager

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE
CITY OF LONG BEACH FOR THE
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

The finances of the Airport and the Enterprise are reported as an “enterprise fund” in the City of Long Beach Comprehensive Annual Financial Report. The Comprehensive Annual Financial Report also contains information with respect to the City’s General Fund, other enterprise funds, and other funds. The principal, or redemption price, of and interest on the Series 2020 Bonds are payable solely from the Net Revenues pledged for the payment thereof, and the inclusion of information relating to the General Fund, other enterprise funds, and other funds in the City of Long Beach Comprehensive Annual Financial Report does not create an implication that any of such other funds are available for payment of the Series 2020 Bonds.

APPENDIX B

**CERTAIN DEFINITIONS
AND SUMMARIES OF THE MASTER SENIOR INDENTURE
AND THE THIRD SUPPLEMENTAL SENIOR INDENTURE**

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. The City does not make any representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2020 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER OF THE CITY NOR THE SENIOR TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2020 BONDS UNDER THE SENIOR INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2020 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2020 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2020 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2020 Bond certificate will be issued for each maturity the Series 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2020 Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2020 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2020 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Senior Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Senior Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Senior Trustee, disbursement of such payments

to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the City or the Senior Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2020 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2020 Bonds will be printed and delivered to DTC.

The information in this Appendix E concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2020 BONDS AND WILL NOT BE RECOGNIZED BY THE SENIOR TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

ESCROW AGREEMENT

by and between

CITY OF LONG BEACH

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee and Escrow Agent

Dated April [28], 2020

Relating to:

City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010A

City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010B

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated April [28], 2020 (this “*Escrow Agreement*”), is made by and between the **CITY OF LONG BEACH**, a charter city and municipal corporation organized and existing under the Constitution of the State of California (the “*City*”) and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association organized and existing under the laws of the United States of America, as trustee and paying agent under the hereinafter defined Master Senior Indenture and Second Supplemental Senior Indenture and as escrow agent (the “*Trustee/Escrow Agent*”).

WITNESSETH:

WHEREAS, the City has previously issued its (a) City of Long Beach, California Senior Airport Revenue Bonds, Series 2010A (the “*Series 2010A Bonds*”), and (b) City of Long Beach, California Senior Airport Revenue Bonds, Series 2010B (the “*Series 2010B Bonds*”), pursuant to the Master Senior Trust Indenture, dated as of December 1, 2009 (the “*Master Senior Indenture*”), by and between the City and the Trustee/Escrow Agent, as trustee, and the Second Supplemental Senior Trust Indenture, dated as of November 1, 2010 (the “*Second Supplemental Senior Indenture*”), by and between the City and the Trustee/Escrow Agent, as trustee; and

WHEREAS, the City is, simultaneously with the execution of this Escrow Agreement, issuing \$[PARA] aggregate principal amount of its City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “*Series 2020A Bonds*”), and (b) \$[PARB] aggregate principal amount of its City of Long Beach, California Senior Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “*Series 2020B Bonds*,” and together with the Series 2020A Bonds, the “*Series 2020 Bonds*”), pursuant to the terms of the Master Senior Indenture and the Third Supplemental Senior Trust Indenture, dated as of April 1, 2020 (the “*Third Supplemental Senior Indenture*”), by and between the City and the Trustee/Escrow Agent, as trustee; and

WHEREAS, the Series 2020A Bonds are being issued to, among other things, current refund and defease the Series 2010B Bonds set forth in Exhibit A attached hereto (the “*Refunded Series 2010B Bonds*”), and the Series 2020B Bonds are being issued to, among other things, current refund and defease the Series 2010A Bonds set forth in Exhibit A attached hereto (the “*Refunded Series 2010A Bonds*,” and together with the Refunded Series 2010B Bonds, the “*Refunded Bonds*”);

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Creation of Escrow Funds.

(a) There is hereby created and established with the Trustee/Escrow Agent a special and irrevocable escrow fund designated as “City of Long Beach, California Senior Airport Revenue Bonds, Series 2010A Escrow Fund” (herein referred to as the “*Series 2010A Escrow Fund*”) to be held in the custody of the Trustee/Escrow Agent in

trust under this Escrow Agreement for the benefit of the owners of the Refunded Series 2010A Bonds.

(b) There is hereby created and established with the Trustee/Escrow Agent a special and irrevocable escrow fund designated as “City of Long Beach, California Senior Airport Revenue Bonds, Series 2010B Escrow Fund” (herein referred to as the “*Series 2010B Escrow Fund*,” and together with the Series 2010A Escrow Fund, the “*Escrow Funds*”) to be held in the custody of the Trustee/Escrow Agent in trust under this Escrow Agreement for the benefit of the owners of the Refunded Series 2010B Bonds.

(c) Except as otherwise provided in Section 6 hereof, the City shall have no interest in the funds or investments held in the Escrow Funds.

Section 2. Deposit to and Investment of the Series 2010A Escrow Fund.

(a) Concurrently with the execution and delivery of this Escrow Agreement, the City hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, deposit \$[_____] to be derived from the proceeds of the sale of the Series 2020B Bonds, to the Series 2010A Escrow Fund.

(b) Additionally, on or before April [28], 2020, the City hereby directs the Trustee/Escrow Agent, as trustee under the Master Senior Indenture and the Second Supplemental Senior Indenture, to, and the Trustee/Escrow Agent shall (i) transfer \$[_____] from the Interest Account of the Series 2010A Senior Debt Service Fund maintained by the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the Second Supplemental Senior Indenture, (ii) transfer \$[_____] from the Principal Account of the Series 2010A Senior Debt Service Fund maintained by the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the First Supplemental Senior Indenture, and (iii) transfer \$[_____] from the Series 2010 Reserve Account of the Senior Reserve Fund maintained by the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the Second Supplemental Senior Indenture, to the Series 2010A Escrow Fund.

(c) The Trustee/Escrow Agent hereby acknowledges receipt of \$[_____] as described in clauses (a) and (b) above, and that such amounts were deposited in the Series 2010A Escrow Fund.

(d) The City hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on April [28], 2020, use \$[_____] on deposit in the Series 2010A Escrow Fund to purchase the securities described in Schedule I-1 attached hereto (the “*Initial Government Securities (Series 2010A Escrow Fund)*”), and shall retain \$[_____] in the Series 2010A Escrow Fund as a beginning cash balance.

Section 3. Deposit to and Investment of the Series 2010B Escrow Fund.

(a) Concurrently with the execution and delivery of this Escrow Agreement, the City hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall,

deposit \$[_____] to be derived from the proceeds of the sale of the Series 2020A Bonds, to the Series 2010B Escrow Fund.

(b) Additionally, on or before April [28], 2020, the City hereby directs the Trustee/Escrow Agent, as trustee under the Master Senior Indenture and the Second Supplemental Senior Indenture, to, and the Trustee/Escrow Agent shall (i) transfer \$[_____] from the Interest Account of the Series 2010B Senior Debt Service Fund maintained by the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the Second Supplemental Senior Indenture, (ii) transfer \$[_____] from the Principal Account of the Series 2010B Senior Debt Service Fund maintained by the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the Second Supplemental Senior Indenture, and (iii) transfer \$[_____] from the Series 2010 Reserve Account of the Senior Reserve Fund maintained by the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the Second Supplemental Senior Indenture, to the Series 2010B Escrow Fund.

(c) The Trustee/Escrow Agent hereby acknowledges receipt of \$[_____] as described in clauses (a) and (b) above, and that such amounts were deposited in the Series 2010B Escrow Fund.

(d) The City hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on April [28], use \$[_____] on deposit in the Series 2010B Escrow Fund to purchase the securities described in Schedule I-2 attached hereto (the “*Initial Government Securities (Series 2010B Escrow Fund)*,” and together with the Initial Government Securities (Series 2010A Escrow Fund), the “*Initial Government Securities*”), and shall retain \$[_____] in the Series 2010B Escrow Fund as a beginning cash balance.

Section 4. Investment of the Escrow Funds. The Trustee/Escrow Agent shall purchase the Initial Government Securities as provided in Sections 2 and 3 hereof and shall hold such Initial Government Securities, the beginning cash balances and any earnings received thereon and any reinvestment thereof pursuant to this Escrow Agreement and disburse such amounts as provided herein. The Trustee/Escrow Agent shall collect amounts due and shall sell or otherwise liquidate investments in the Escrow Funds as needed to make the payments and transfers required by this Escrow Agreement and may substitute different Government Securities, as defined and subject to the terms and limitations of Section 8 hereof, for the Initial Government Securities but otherwise shall have no power or duty to sell, transfer, request the redemption of or otherwise dispose of the Initial Government Securities.

Section 5. Creation of Lien on the Escrow Funds.

(a) The deposit of the moneys, the Initial Government Securities (Series 2010A Escrow Fund) and any other Government Securities in the Series 2010A Escrow Fund shall constitute an irrevocable deposit in trust for the benefit of the holders of the Refunded Series 2010A Bonds. The holders of the Refunded Series 2010A Bonds are hereby granted an express lien on the Series 2010A Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 6 hereof.

(b) The deposit of the moneys, the Initial Government Securities (Series 2010B Escrow Fund) and any other Government Securities in the Series 2010B Escrow Fund shall constitute an irrevocable deposit in trust for the benefit of the holders of the Refunded Series 2010B Bonds. The holders of the Refunded Series 2010B Bonds are hereby granted an express lien on the Series 2010B Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 6 hereof.

Section 6. Use of Escrow Funds.

(a) **Series 2010A Escrow Fund.** The Trustee/Escrow Agent shall withdraw the amount described in Schedule II-1 attached hereto on the date set forth in such Schedule II-1 from the Series 2010A Escrow Fund and use such amount in its capacity as trustee for the Refunded Series 2010A Bonds to pay the principal and redemption price of and interest on the Refunded Series 2010A Bonds as directed pursuant to the Second Supplemental Senior Indenture.

The Trustee/Escrow Agent shall retain all unclaimed moneys, together with interest thereon, in the Series 2010A Escrow Fund and shall invest such unclaimed moneys as directed in writing by an Authorized City Representative (as defined in the Master Senior Indenture). At such time as the City delivers to the Trustee/Escrow Agent written notice that no additional amounts from the Series 2010A Escrow Fund will be needed to pay and redeem the Refunded Series 2010A Bonds, or on June 2, 2020, whichever occurs first, the Trustee/Escrow Agent shall transfer all amounts then remaining in the Series 2010A Escrow Fund to the Interest Account of the Series 2020B Senior Debt Service Fund (established pursuant to the Master Senior Indenture and the Third Supplemental Senior Indenture) and thereafter the holders of the Refunded Series 2010A Bonds shall look only to the City for payment and the Trustee/Escrow Agent shall have no responsibility or liability whatsoever with respect to any of such moneys. At such time as no amounts remain in the Series 2010A Escrow Fund, such fund shall be closed.

(b) **Series 2010B Escrow Fund.** The Trustee/Escrow Agent shall withdraw the amount described in Schedule II-2 attached hereto on the date set forth in such Schedule II-2 from the Series 2010B Escrow Fund and use such amount in its capacity as trustee for the Refunded Series 2010B Bonds to pay the principal and redemption price of and interest on the Refunded Series 2010B Bonds as directed pursuant to the Second Supplemental Senior Indenture.

The Trustee/Escrow Agent shall retain all unclaimed moneys, together with interest thereon, in the Series 2010B Escrow Fund and shall invest such unclaimed moneys as directed in writing by an Authorized City Representative (as defined in the Master Senior Indenture). At such time as the City delivers to the Trustee/Escrow Agent written notice that no additional amounts from the Series 2010B Escrow Fund will be needed to pay and redeem the Refunded Series 2010B Bonds, or on June 2, 2020, whichever occurs first, the Trustee/Escrow Agent shall transfer all amounts then remaining in the Series 2010B Escrow Fund to the Interest Account of the Series 2020A Senior Debt Service Fund (established pursuant to the Master Senior Indenture and the Third Supplemental Senior Indenture) and thereafter the holders of the Refunded Series 2010B Bonds shall look only

to the City for payment and the Trustee/Escrow Agent shall have no responsibility or liability whatsoever with respect to any of such moneys. At such time as no amounts remain in the Series 2010B Escrow Fund, such fund shall be closed.

Section 7. Notice of Redemption and Defeasance of Refunded Bonds.

(a) By the execution of this Escrow Agreement and delivery hereof to the Trustee/Escrow Agent, the City hereby delivers notice to the Trustee/Escrow Agent pursuant to the Master Senior Indenture and the Second Supplemental Senior Indenture that the City wishes to redeem, on June 1, 2020 (a) all of the Series 2010A Bonds maturing on and after June 1, 2021 (the “*Redeemed Series 2010A Bonds*”) in accordance with the provisions of Section 3.03 of the Second Supplemental Senior Indenture, and (b) all of the Series 2010B Bonds maturing on and after June 1, 2021 (the “*Redeemed Series 2010B Bonds*,” and together with the Redeemed Series 2010A Bonds, the “*Redeemed Bonds*”) in accordance with the provisions of Section 3.03 of the Second Supplemental Senior Indenture. The Trustee/Escrow Agent hereby waives any right to receive any other notices that it may be entitled to from the City under the Master Senior Indenture and the Second Supplemental Senior Indenture with respect to the redemption of the Redeemed Bonds. The City hereby directs the Trustee/Escrow Agent to give or cause to be given, and the Trustee/Escrow Agent agrees to give or cause to be given, (i) notice of the redemption of the Redeemed Bonds (a form such notice being attached hereto as Exhibit B) on or prior to May 2, 2020 in such manner as required pursuant to Section 3.01 of the Second Supplemental Senior Indenture to the owners of the Redeemed Bonds.

(b) Additionally, the City hereby directs the Trustee/Escrow Agent to give or cause to be given on the date hereof, and the Trustee/Escrow Agent agrees to give or cause to be given on the date hereof, notice of the defeasance of the Refunded Bonds (a form of such notice being attached hereto as Exhibit C). Such notice of defeasance shall be mailed (or delivered via such other approved delivery method, including via electronically) to The Depository Trust Company as required pursuant to Article VII of the Master Senior Indenture.

Section 8. Reinvestment; Substitution of Government Securities. EXCEPT AS SPECIFICALLY PROVIDED BELOW, THE TRUSTEE/ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE INITIAL GOVERNMENT SECURITIES.

Interest income and other amounts received by the Trustee/Escrow Agent as payments on the Initial Government Securities held in the Series 2010A Escrow Fund and the Series 2010B Escrow Fund shall be held as part of the Series 2010A Escrow Fund and the Series 2010B Escrow Fund, respectively, to be used for the purposes set forth in Section 6 hereof and may be invested by the Trustee/Escrow Agent at the written direction of the City; provided that (a) such amounts may only be invested in Government Securities as defined in this Section; and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by Section 6 hereof.

Upon the fulfillment of the conditions set forth in this Section, the Trustee/Escrow Agent at the written direction of the City may sell, liquidate or otherwise dispose of some or all of the Initial Government Securities then held as an investment of the Series 2010A Escrow Fund and the Series 2010B Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Series 2010A Escrow Fund and the Series 2010B Escrow Fund, respectively, in different Government Securities; provided that no such substitution shall occur unless the City shall first deliver to the Trustee/Escrow Agent (a) an opinion by an independent certified public accountant that, after such reinvestment or substitution, the principal amount of the Government Securities then held in the Series 2010A Escrow Fund and/or the Series 2010B Escrow Fund, as applicable, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal of and interest on the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds secured by the Series 2010A Escrow Fund and the Series 2010B Escrow Fund, respectively, on the dates and in the amounts as required pursuant to this Escrow Agreement and the Second Supplemental Senior Indenture; and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Government Securities is permitted under this Escrow Agreement and the Second Supplemental Senior Indenture and the Master Senior Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunded Series 2010A Bonds or the Refunded Series 2010B Bonds from income taxation under the Internal Revenue Code of 1986, as amended. Interest income and other amounts received by the Trustee/Escrow Agent as payments on the Government Securities purchased in accordance with this paragraph and held in the Series 2010A Escrow Fund and the Series 2010B Escrow Fund, as applicable, shall be held as part of the Series 2010A Escrow Fund and the Series 2010B Escrow Fund, respectively, be used for the purposes set forth in Section 8 hereof and may be invested by the Trustee/Escrow Agent at the written direction of the City; provided that (a) such amounts may only be invested in Government Securities as defined in this Section; and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by Section 8 hereof.

“Government Securities,” as used in this Escrow Agreement, means only noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the full faith and credit of, the United States of America, and which are limited to:

- (i) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series—“SLGS” and any stripped interest on the principal portion of such U.S. Treasury Certificates, Notes and Bonds); and
- (ii) Resolution Funding Corp. (REFCORP), only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.

If the Trustee/Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a SLGS subscription that is to be submitted pursuant to this Escrow Agreement, the Trustee/Escrow Agent shall promptly request alternative written investment instructions from the City with respect to escrowed funds which were to be invested in SLGS. The Trustee/Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Trustee/Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of

investment instructions from the City, the Trustee/Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Trustee/Escrow Agent may conclusively rely upon the City's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 9. Liability of Trustee/Escrow Agent.

(a) The Trustee/Escrow Agent shall not under any circumstance be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Trustee/Escrow Agent shall have no lien whatsoever on the Escrow Funds or moneys on deposit in the Escrow Funds for the payment of fees and expenses for services rendered by the Trustee/Escrow Agent under this Escrow Agreement or otherwise.

(b) The Trustee/Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the Escrow Funds or the Initial Government Securities or any Government Securities purchased at the direction of the City to pay the principal of and interest on the Refunded Bonds.

(c) The City agrees that if for any reason the investments and moneys and other funds available to pay principal of and interest on the Refunded Bonds are insufficient therefor, the City shall continue to be liable for payment therefor in accordance with the terms of the Master Senior Indenture and the Second Supplemental Senior Indenture.

(d) No provision of this Escrow Agreement shall require the Trustee/Escrow Agent to expend or risk its own funds.

(e) The Trustee/Escrow Agent may consult with bond counsel to the City or with such other counsel of its own choice subject to reasonable approval by the City (which may but need not be counsel to the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) Whenever in the administration of this Escrow Agreement the Trustee/Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Trustee/Escrow Agent, be deemed to be conclusively proved and established by a certificate of an Authorized City Representative, and such certificate shall, in the absence of gross negligence or willful misconduct on the part of the Trustee/Escrow Agent, be full warrant to the Trustee/Escrow Agent for any action taken or not taken by it under the provisions of this Escrow Agreement in reliance thereon. Except with respect to any future reinvestment or substitution of Government Securities as may be directed by the City as set forth in Section 8 hereof, the Trustee/Escrow Agent hereby represents that, as of the date hereof, it does not need any

further certificate or direction from any other party in order to carry out the terms of this Escrow Agreement.

(g) The Trustee/Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified as set forth in Section 13 hereof, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Trustee/Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(h) The Trustee/Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Trustee/Escrow Agent.

(i) The Trustee/Escrow Agent shall not have any liability hereunder except to the extent of its own gross negligence or willful misconduct. In no event shall the Trustee/Escrow Agent be liable for any special, indirect or consequential damages.

(j) The Trustee/Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

(k) The Trustee/Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Escrow Agreement 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/Escrow Agent, or another method or system specified by the Trustee/Escrow Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee/Escrow Agent 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/Escrow Agent Instructions using Electronic Means and the Trustee/Escrow Agent in its discretion elects to act upon such Instructions, the Trustee/Escrow Agent’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee/Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Trustee/Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee/Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee/Escrow Agent 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/Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee/Escrow Agent’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/Escrow Agent, including without limitation the risk of the Trustee/Escrow Agent 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/Escrow Agent 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/Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

(l) The Trustee/Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(m) The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant 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/Escrow Agent will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee/Escrow Agent hereunder.

Section 10. Successor Trustee/Escrow Agent. Any corporation into which the Trustee/Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Trustee/Escrow Agent shall be a party or any corporation succeeding to the corporate trust business of the Trustee/Escrow Agent, shall be the successor Trustee/Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 11. Termination. This Escrow Agreement shall terminate when all transfers and payments required to be made by the Trustee/Escrow Agent under the provisions hereof shall have been made. Any deficiency in the amounts required to be paid hereunder shall be paid by the City. The City hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, distribute any moneys remaining in the Series 2010A Escrow Fund at the time of such termination to the City for deposit to the Interest Account of the Series 2020B Senior Debt Service Fund, as required pursuant to Section 6 hereof. The City hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall distribute any moneys remaining in the Series 2010B Escrow Fund at the time of such termination to the City for deposit to the Interest Account of the Series 2020A Senior Debt Service Fund, as required pursuant to Section 6 hereof.

Section 12. Tax-Exempt Nature of Interest on the Refunded Bonds. The City covenants and agrees for the benefit of the holders of the Refunded Bonds that it will not direct or

permit anything or act to be done in such manner as would cause interest on the Refunded Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, nor will it use any of the proceeds received from the sale of the Series 2020 Bonds, directly or indirectly, in any manner which would result in the Series 2020 Bonds being classified as “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended.

Section 13. Compensation and Indemnity of Trustee/Escrow Agent. For acting under this Escrow Agreement, the Trustee/Escrow Agent shall be entitled to payment of fees pursuant to the schedule of fees provided to the City for its services, including, without limitation, reasonable compensation for all services rendered in the execution, exercise and performance of any of the duties of the Trustee/Escrow Agent to be exercised or performed pursuant to the provisions of this Escrow Agreement, and all reasonable expenses, disbursements and advances incurred in accordance with any provisions of this Escrow Agreement (including the reasonable compensation and expenses and disbursements of independent counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder and out-of-pocket expenses including, but not limited to, postage, insurance, wires, stationery, costs of printing forms and letters and publication of notices of redemption); however, such amount shall never be payable from or become a lien upon the Escrow Funds, which funds shall be held solely for the purposes and subject to the liens set forth in Sections 5 and 6, respectively, hereof. To the extent permitted by law, the City agrees to indemnify and hold the Trustee/Escrow Agent and its officers, agents, employees and directors harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys’ fees and expenses of counsel), losses and damages suffered by it as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Trustee/Escrow Agent of its duties under this Escrow Agreement; provided, however, that such indemnification shall not extend to claims, suits and actions brought against the Trustee/Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made due to the Trustee/Escrow Agent’s gross negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the Escrow Funds, which funds shall be held solely for the purpose and subject to the liens set forth in Sections 5 and 6, respectively, hereof. The obligations of the City under this Section shall remain in effect and continue notwithstanding the termination of this Escrow Agreement or the resignation or removal of the Trustee/Escrow Agent.

Section 14. Third-Party Beneficiaries and Amendments. The owners of the Refunded Series 2010A Bonds and the Refunded Series 2010B Bonds are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the Series 2010A Escrow Fund and the Series 2010B Escrow Fund, respectively, as set forth in Sections 5 and 6 hereof.

Section 15. Replacement and Resignation of Trustee/Escrow Agent. The City may remove the Trustee/Escrow Agent and/or the Trustee/Escrow Agent may resign pursuant to the provisions of Section 9.09 of the Master Senior Indenture and the applicable provisions of the Second Supplemental Senior Indenture.

Section 16. Severability. If any one or more of the provisions of this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such provision shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 17. Successors and Assigns. All of the covenants and agreements in this Escrow Agreement contained by or on behalf of the City or the Trustee/Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 18. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 19. Headings. Any headings preceding the text of the several Sections hereof, and any table of content appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 20. Amendments. The City and the Trustee/Escrow Agent shall not modify this Escrow Agreement without the consent of all of the owners of the Refunded Bonds affected by such modification which have not been paid in full.

Section 21. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

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

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

CITY OF LONG BEACH, CALIFORNIA

By _____
David Nakamoto, City Treasurer

Approved as to form:

J. CHARLES PARKIN, City Attorney

By _____
Assistant City Attorney

THE BANK OF NEW YORK MELLON
TRUST COMPANY, as Trustee/Escrow Agent

By _____
Authorized Officer

[Signature page to Escrow Agreement]

EXHIBIT A

REFUNDED BONDS

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010A**

Maturity Date (June 1)	Principal to be Paid/Redeemed	Redemption Price	Payment/ Redemption Date	CUSIP Number
2020	\$ 1,180,000	N/A	June 1, 2020	542403BE9
2021	1,240,000	100%	June 1, 2020	542403BF6
2022	1,300,000	100	June 1, 2020	542403BH2
2023	1,365,000	100	June 1, 2020	542403BL3
2025	2,905,000	100	June 1, 2020	542403BJ8
2030	8,585,000	100	June 1, 2020	542403BK5
2040	24,930,000	100	June 1, 2020	542403BG4

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010B**

Maturity Date (June 1)	Principal to be Paid/Redeemed	Redemption Price	Payment/ Redemption Date	CUSIP Number
2020	\$ 315,000	N/A	June 1, 2020	542403BV1
2021	330,000	100%	June 1, 2020	542403BW9
2022	340,000	100	June 1, 2020	542403BY5
2023	355,000	100	June 1, 2020	542403BZ2
2025	755,000	100	June 1, 2020	542403CA6
2030	2,235,000	100	June 1, 2020	542403CB4
2040	6,480,000	100	June 1, 2020	542403BX7

EXHIBIT B

FORM OF NOTICE OF REDEMPTION

NOTICE OF REDEMPTION

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010A**

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010B**

Redemption Date: June 1, 2020

NOTICE IS HEREBY GIVEN that, pursuant to the Master Senior Trust Indenture, dated as of December 1, 2009, by and between the City of Long Beach (the “City”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Second Supplemental Senior Trust Indenture, dated as of November 1, 2010, by and between the City and the Trustee, the City’s (i) Senior Airport Revenue Bonds, Series 2010A, as described below (the “Series 2010A Bonds”), and (ii) Senior Airport Revenue Bonds, Series 2010B, as described below (the “Series 2010B Bonds,” and together with the Series 2010A Bonds, the “Series 2010 Bonds”) shall be redeemed on June 1, 2020 (the “Redemption Date”) at the redemption price of 100% of the principal amount thereof (the “Redemption Price”), plus accrued interest thereon. The Series 2010 Bonds were originally issued on November 23, 2010.

The Series 2010A Bonds selected for full redemption are as follows:

Maturity Date June 1	Principal Redeemed	Interest Rate	CUSIP Number*
2021	\$ 1,240,000	5.000%	542403BF6
2022	1,300,000	5.000	542403BH2
2023	1,365,000	4.250	542403BL3
2025	2,905,000	4.500	542403BJ8
2030	8,585,000	5.000	542403BK5
2040	24,930,000	5.000	542403BG4

*Neither the City nor the Trustee shall be responsible for the selection or use of the CUSIP Numbers, nor is representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the Bondholders.

The Series 2010B Bonds selected for full redemption are as follows:

Maturity Date June 1	Principal Redeemed	Interest Rate	CUSIP Number*
2021	\$ 330,000	4.125%	542403BW9
2022	340,000	4.250	542403BY5
2023	355,000	4.250	542403BZ2
2025	755,000	4.500	542403CA6
2030	2,235,000	5.000	542403CB4
2040	6,480,000	5.000	542403BX7

*Neither the City nor the Trustee shall be responsible for the selection or use of the CUSIP Numbers, nor is representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the Bondholders.

Payment of the Redemption Price, and the accrued interest thereon, will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner:

By Mail:

The Bank of New York
Corporate Trust Operations
111 Sanders Creek Parkway
East Syracuse, NY 13057

By Hand or Overnight:

The Bank of New York
Corporate Trust Operations
P.O. Box 396
111 Sanders Creek Parkway
East Syracuse, NY 13057

Bondholders presenting their Series 2010 Bonds in person for same day payment must surrender their Series 2010 Bond(s) by 1:00 p.m. on the Redemption Date and a check will be available for pick up after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Series 2010 Bond, you are not required to endorse the Series 2010 Bond to collect the Redemption Price.

Interest on the Series 2010 Bonds shall cease to accrue on and after the Redemption Date.

IMPORTANT NOTICE

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the Trustee may be obligated to withhold 28% of the Redemption Price from any Bondholder who has failed to furnish the Trustee with a valid taxpayer identification number and a certification that such Bondholder is not subject to backup withholding under the Act. Bondholders who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Series 2010 Bonds.

By: The Bank of New York Mellon Trust Company, N.A., as Trustee

Dated: _____, 2020

EXHIBIT C

FORM OF NOTICE OF DEFEASANCE

NOTICE OF DEFEASANCE

RELATING TO:

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010A**

**City of Long Beach, California
Senior Airport Revenue Bonds
Series 2010B**

Notice is hereby given to the holders of the below listed (i) City of Long Beach Senior Airport Revenue Bonds, Series 2010A (the "Series 2010A Bonds"), and (ii) City of Long Beach Senior Airport Revenue Bonds, Series 2010B (the "Series 2010B Bonds," and together with the Serie 2010A Bonds, the "Series 2010 Bonds"), that there has been deposited with The Bank of New York Mellon Trust Company, N.A., as Trustee and Escrow Agent, moneys and investment securities as permitted by the Master Senior Trust Indenture, dated as of December 1, 2009 (the "Master Senior Indenture"), by and between the City of Long Beach (the "City") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the Second Supplemental Senior Trust Indenture, dated as of November 1, 2010 (the "Second Supplemental Senior Indenture" and together with the Master Senior Indenture, the "Senior Indenture"), by and between the City and the Trustee, the principal of and interest on which when due will provide moneys which, together with such other moneys deposited with the Trustee/Escrow Agent, will be sufficient (as evidenced by a verification report prepared by an independent certified public accountant and delivered to the City and the Trustee) and available on June 1, 2020 to (a) pay the principal of and interest on the Series 2010 Bonds maturing on June 1, 2020, and (b) redeem the Series 2010 Bonds maturing on and after June 1, 2021 at a redemption price of par and to pay the interest then due on such Series 2010 Bonds. The Series 2010 Bonds are deemed paid for purposes of the Senior Indenture.

The Series 2010A Bonds consist of the following:

Maturity Date June 1	Principal Redeemed	Interest Rate	CUSIP Number*
2020	\$ 1,180,000	5.000%	542403BE9
2021	1,240,000	5.000	542403BF6
2022	1,300,000	5.000	542403BH2
2023	1,365,000	4.250	542403BL3
2025	2,905,000	4.500	542403BJ8
2030	8,585,000	5.000	542403BK5
2040	24,930,000	5.000	542403BG4

*Neither the City nor the Trustee shall be responsible for the selection or use of the CUSIP Numbers, nor is representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the Bondholders.

The Series 2010B Bonds consist of the following:

Maturity Date June 1	Principal Redeemed	Interest Rate	CUSIP Number*
2020	\$ 315,000	4.000%	542403BV1
2021	330,000	4.125	542403BW9
2022	340,000	4.250	542403BY5
2023	355,000	4.250	542403BZ2
2025	755,000	4.500	542403CA6
2030	2,235,000	5.000	542403CB4
2040	6,480,000	5.000	542403BX7

*Neither the City nor the Trustee shall be responsible for the selection or use of the CUSIP Numbers, nor is representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the Bondholders.

On or prior to May 2, 2020, in accordance with the terms of the Senior Indenture, the Trustee will mail a redemption notice with respect to the redemption of the Series 2010 Bonds maturing on and after June 1, 2021 to the Bondholders thereof.

Dated this 28th day of April, 2020

City of Long Beach

The Bank of New York Mellon Trust Company, N.A, as Trustee

SCHEDULE I-1

INITIAL GOVERNMENT SECURITIES (SERIES 2010A ESCROW FUND)

<u>Maturity Date</u>	<u>Type</u>	<u>Coupon</u>	<u>Price</u>	<u>Par Amount</u>	<u>Total Cost</u>
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Uninvested cash: \$[_____]

SCHEDULE I-2

INITIAL GOVERNMENT SECURITIES (SERIES 2010B ESCROW FUND)

<u>Maturity Date</u>	<u>Type</u>	<u>Coupon</u>	<u>Price</u>	<u>Par Amount</u>	<u>Total Cost</u>
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Uninvested cash: \$[_____]

SCHEDULE II-1

PAYMENT REQUIREMENTS FOR REFUNDED SERIES 2010A BONDS

Payment/ Redemption Date	Principal	Interest	Total
June 1, 2020	\$41,505,000.00	\$1,025,243.75	\$42,530,243.75

SCHEDULE II-2

PAYMENT REQUIREMENTS FOR REFUNDED SERIES 2010B BONDS

Payment/ Redemption Date	Principal	Interest	Total
June 1, 2020	\$10,810,000.00	\$262,737.50	\$11,072,737.50