

OFFICE OF THE CITY ATTORNEY
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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS RELATING TO CARNIVAL CRUISE TERMINAL FINANCING

WHEREAS, the City of Long Beach (the "City") is authorized pursuant to Division II of Chapter 3.52 of the Long Beach Municipal Code (the "Law") to issue revenue bonds for the purpose of financing facilities for use in connection with commercial enterprises; and

WHEREAS, on November 20, 2002, the City issued its City of Long Beach, California 2002 Taxable Revenue Bonds (Carnival Cruise Terminal Financing) in the initial principal amount of \$32,100,000 (the "2002 Bonds") pursuant to the Law to assist Carnival Corporation ("Carnival") in financing various cruise ship terminal improvements to Carnival's leasehold interest in the area around the RMS Queen Mary, including the adjacent pier and a portion of the dome (the "Carnival Leasehold Interest"), which improvements consisted of a cruise ship berth, reconfiguration of the dome to house, and the construction of, facilities for customs and immigration services and embarkation and debarkation of cruise ship passengers, construction of a ticketing area and related improvements to the Queen Mary, and construction of roadway and other appurtenant facilities; and

WHEREAS, Carnival has now requested that the City issue a new series of bonds (as further described below, the "Bonds") under the Law to refund the outstanding 2002 Bonds and to provide financing for additional improvements of benefit to the Carnival Leasehold Interest, including improvements to the plaza area, dredging work and the installation of a shorepower facility and possible additional improvements within

1 and to the dome (collectively, the "Additional Terminal Improvements"); and

2 WHEREAS, the City desires to assist Carnival in refunding the 2002 Bonds
3 and the financing of the Additional Terminal Improvements by issuing the Bonds, so long
4 as the Bonds are payable solely from the net proceeds of the portion of tariff revenues
5 arising from cruise ship passenger embarkation and debarkation from the area of the
6 Carnival Leasehold Interest, or, if the net proceeds of such portion of the tariff revenues
7 are insufficient to pay all of the debt service due on the Bonds, from payments by
8 Carnival, and in any event not from the City's general fund or any other funds of the City;
9 and

10 WHEREAS, it is proposed that the Bonds offered for sale pursuant to a
11 Limited Offering Memorandum, a preliminary draft of which (the "Preliminary Offering
12 Memorandum") is on file in the office of the City Attorney; and

13 WHEREAS, the firms of Bank of America Merrill Lynch and Loop Capital
14 Markets LLC (collectively, the "Placement Agents") have proposed to find a buyer or
15 buyers for the Bonds (the "Bond Purchasers"), which Bonds will be sold to the Bond
16 Purchasers pursuant to a placement agreement (the "Bond Placement Agreement"), the
17 form of which is on file in the Office of the City Attorney; and

18 WHEREAS, this City Council wishes at this time to take action (a)
19 approving the issuance and sale of the Bonds, (b) approving and authorizing the
20 execution and delivery by the City of an indenture of trust for the Bonds, amendments to
21 a Tariff Collection and Assignment Agreement, as Sub-Sublease Agreement, a Sub-Sub-
22 Sublease and a Lease Rent Escrow Agreement relating to the 2002 Bonds and the
23 Carnival Leasehold Interest so that those agreements will apply to the Bonds
24 (collectively, the "2010 Amendments"), and the Bond Placement Agreement, and (c)
25 authorizing the use by the Placement Agents of the Preliminary Offering Memorandum in
26 connection with the marketing of the Bonds; and (d) approving the distribution of a final
27 limited offering memorandum (the "Final Offering Memorandum") to the Bond
28 Purchasers; and

1 WHEREAS, the City Council of the City hereby finds and declares that this
2 Resolution is being adopted pursuant to the powers granted by the Law; and

3 WHEREAS, all conditions, things and acts required to exist, to have
4 happened and to have been performed precedent to and in the issuance of the Bonds as
5 contemplated by this Resolution and the documents referred to herein exist, have
6 happened and have been performed in due time, form and manner as required by the
7 laws of the State of California and the Law;

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

10 Section. 1. The City Council hereby finds and declares that the above
11 recitals are true and correct. The City Council hereby finds and determines that the
12 issuance of the Bonds is in the furtherance of the public purposes of the City to assist in
13 the improvement of travel oriented facilities, and to promote tourism and related activities,
14 and is in furtherance of the health, safety and welfare of the residents of the City and in
15 furtherance of the purposes of the Law. The City Council hereby further finds and
16 determines that the Tariff Revenues and Carnival Bond Payments, as such terms are
17 defined in the Indenture referred to below, shall not in any way be considered to be
18 revenues pledged to the payment of any debt of the City (other than the Bonds) or its
19 Harbor Department.

20 Section 2. Pursuant to the Law and the Indenture (hereinafter defined),
21 revenue bonds of the City designated as "City of Long Beach, California 2010 Taxable
22 Revenue Bonds (Carnival Cruise Terminal Financing)" in an aggregate principal amount
23 not to exceed \$35,000,000 (referred to in this Resolution as the "Bonds") are hereby
24 authorized to be issued. The Bonds may be issued in one or more series, to be identified
25 and have the terms set forth in the Indenture, as executed and delivered by the City. The
26 Bonds shall be executed by the manual or facsimile signature of the Mayor, the City
27 Manager, the Director of Financial Management or the Treasurer (each being a
28 "Designated Officer" and collectively, the "Designated Officers"), the seal or facsimile of

1 the seal of the City shall be reproduced thereon and attested by the manual or facsimile
2 signature of the City Clerk, in the form set forth in and otherwise in accordance with the
3 Indenture.

4 Section 3. The Indenture of Trust (the "Indenture") between the City and
5 U.S. Bank National Association, as trustee (the "Trustee"), in the form on file with the City
6 Attorney, is hereby approved. The Designated Officers, each acting alone, are hereby
7 authorized and directed, for and in the name and on behalf of the City, to execute and
8 deliver the Indenture in said form, together with such additions thereto or changes therein
9 as are recommended or approved by the Designated Officer executing the Indenture
10 upon consultation with the City Attorney and Bond Counsel, including such additions or
11 changes as are necessary or advisable in accordance with Section 10 hereof, the
12 approval of such additions or changes to be conclusively evidenced by the execution and
13 delivery by a Designated Officer of the Indenture.

14 The date, maturity dates, interest rate or rates, interest payment dates,
15 denominations, form, registration privileges, manner of execution, place of payment,
16 terms of redemption and other terms of the Bonds shall be as provided in the Indenture
17 as executed by the City.

18 Section 4. The City Council hereby approves the refunding of the 2002
19 Bonds with proceeds of the Bonds and other funds available for such purpose, in
20 accordance with the provisions of the indenture of trust pursuant to which the 2002
21 Bonds were issued and the Escrow Agreement between the City and the trustee for the
22 2002 Bonds, as escrow bank (the "Escrow Agreement"). The City Council hereby
23 approves the Escrow Agreement in the form on file with the City Attorney. The
24 Designated Officers, each acting alone, are hereby authorized to execute and deliver the
25 Escrow Agreement in said form, with such additions thereto or changes therein as are
26 deemed necessary, desirable or appropriate by the Designated Officer executing such
27 document upon consultation with the City Attorney and Bond Counsel, the approval of
28 such changes to be conclusively evidenced by the execution and delivery by a

1 Designated Officer of the Escrow Agreement.

2 Section 5. The 2010 Amendments, in the respective forms on file with
3 the City Attorney, are hereby approved. The Designated Officers, each acting alone, are
4 hereby authorized and directed, for and in the name and on behalf of the City, to execute
5 and deliver the 2010 Amendments in said forms, together with such additions thereto or
6 changes therein as are recommended or approved by the Designated Officer executing
7 the 2010 Amendments upon consultation with the City Attorney and Bond Counsel,
8 including such additions or changes as are necessary or advisable in accordance with
9 Section 10 hereof, the approval of such additions or changes to be conclusively
10 evidenced by the execution and delivery by a Designated Officer of the 2010
11 Amendments.

12 Section 6. The City hereby approves the Bond Placement Agreement in
13 the form on file with the City Attorney. The Designated Officers, each acting alone, are
14 hereby authorized and directed to execute the Bond Placement Agreement on behalf of
15 the City in such form, together with such additions thereto or changes therein as are
16 recommended or approved by the Designated Officer executing the Bond Placement
17 Agreement (and which are, in any event, consistent with the requirements of the
18 succeeding sentence), and the execution of the Bond Placement Agreement by a
19 Designated Officer shall be conclusive evidence of the approval of any such additions or
20 changes. The City hereby approves the placement of the Bonds by the Placement
21 Agents pursuant to the Bond Placement Agreement, so long as the Placement Agents'
22 fee does not exceed 1.25% of the initial principal amount of the Bonds, the net interest
23 cost of the Bonds does not exceed 8.00%, and the initial aggregate principal amount of
24 the Bonds is not in excess of \$35,000,000.

25 Section 7. The City hereby authorizes the Designated Officers, each
26 acting alone, to cause the form of the Preliminary Offering Memorandum for the Bonds to
27 be finalized, and to deem it final within the meaning of Rule 15c2-12 of the Securities
28 Exchange Act of 1934 (the "Rule"), as amended, except for omissions permitted under

1 the Rule. Distribution of the final Preliminary Offering Memorandum by the Placement
2 Agents to prospective purchasers of the Bonds is hereby approved. The City hereby
3 authorizes the distribution of the Final Offering Memorandum by the Placement Agents.

4 Section 8. The Bonds, when executed, shall be delivered to the Trustee
5 for authentication. The Trustee is hereby requested and directed to authenticate the
6 Bonds by executing the Trustee's certificate of authentication and registration appearing
7 thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon the
8 order of the Bond Purchasers in accordance with written instructions executed on behalf
9 of the City by one of the Designated Officers, which instructions such officers, each
10 acting alone, are hereby authorized and directed, for and in the name and on behalf of
11 the City, to execute and deliver to the Trustee. Such instructions shall provide for the
12 delivery of the Bonds to or upon the order of the Bond Purchasers in accordance with the
13 Bond Placement Agreement, upon payment of the purchase price therefor.

14 Section 9. The law firm of Quint & Thimmig LLP is hereby designated as
15 Bond Counsel ("Bond Counsel") to the City for the Bond issue. The City Attorney is
16 hereby authorized to execute an agreement with said firm for its services related to the
17 Bonds, in a form acceptable to the City Attorney. Any and all compensation to such firm
18 under said agreement shall be payable solely from the proceeds of the Bonds.

19 Section 10. All actions heretofore taken by the officers and agents of the
20 City with respect to the sale and issuance of the Bonds are hereby approved, confirmed
21 and ratified, and the proper officers of the City, including the Designated Officers, are
22 hereby authorized and directed, for and in the name and on behalf of the City, to do any
23 and all things and take any and all actions and execute and deliver any and all
24 certificates, agreements and other documents which they, or any of them, may deem
25 necessary or advisable in order to consummate the lawful issuance and delivery of the
26 Bonds and the redemption of the 2002 Bonds in accordance with this Resolution,
27 including but not limited to those certificates, agreements and other documents described
28 in the Indenture, the 2010 Amendments, the Bond Placement Agreement and the Escrow

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1 Agreement, and any certificates, agreements or documents as may be necessary to
2 further the purposes hereof, but which shall not create any obligation or liability of the City
3 other than with respect to the revenues and assets derived from the proceeds of the
4 Bonds, the net proceeds of the wharfage portion of the tariff revenues collected and
5 remitted to the Trustee under the terms of the Collection Agreement (as defined in the
6 Indenture), and any payments made by Carnival under the Collection Agreement or the
7 Guaranty Agreement (as defined in the Indenture).

8 Section 11. This resolution shall take effect immediately upon its adoption
9 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

10 I hereby certify that the foregoing resolution was adopted by the City
11 Council of the City of Long Beach at its meeting of October 5, 2010, by the following vote:

12
13 Ayes: Councilmembers: _____

14 _____

15 _____

16 _____

17 Noes: Councilmembers: _____

18 _____

19 Absent: Councilmembers: _____

20 _____

21 _____

22 _____

23 _____

City Clerk

24 _____

25 _____

26 _____

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